Meghalaya Board of School Education

SAMPLE PAPERS

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ACCOUNTANCY

(Commerce)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

General Instructions :

(i) This question paper contains two Parts—A and B.

(ii) Part—A and Part—B are compulsory for all candidates.

(iii) All parts of the questions should be attempted at one place.



PART—A

(Accounting for Partnership Firms and Companies)

(*Marks* : 60)

1. Choose and write the correct answer (any *seven*) : 1×7=7

(a) Partners are not entitled to receive _____ in the absence of partnership agreement.

(i) Salaries

(ii) Interest on Capital

(iii) Commission

(iv) All of the above

(b) Profit or Loss on Revaluation Account at the time of admission is transferred to _____ Partners' Capital Account.

(i) old

(ii) new

(iii) all

(iv) continuing

(c) The old profit sharing ratio among Rajender, Satish and Tejpal was 2 : 2 : 1. The new profit sharing ratio after Satish's retirement is 3 : 2. The gaining ratio is

(i) 3 : 2

(ii) 2 : 1

(iii) 1 : 1

(iv) 2 : 2

(d) Capital Reserve arises if shares are

(i) issued

(ii) forfeited

(iii) forfeited and reissued

(iv) All of the above

(e) On dissolution of the firm, Partners' Capital Accounts are closed through

(i) Realization Account

(ii) Drawings Account

(iii) Bank Account

(iv) Loan Account

(f) Shareholders get

(i) interest

(ii) dividend

(iii) commission

(iv) fees

(g) The portion of the capital which can be called up only on the winding up of the company is called

(i) Authorized Capital

(ii) Uncalled Capital

(iii) Reserve Capital

(iv) Issued Capital

(h) Right issue of shares is issued to

(i) Directors

(ii) Employees

(iii) Existing Shareholders

(iv) Public

(i) The written document containing terms and conditions of partnership is known as

(i) Partnership Contract

(ii) Agreement

(iii) Partnership Deed

(iv) None of the above



(j) Goodwill already appearing in the Balance Sheet at the time of retirement of a partner is transferred to

(i) New Partners' Capital Account

(ii) All Partners' Capital Account

(iii) Revaluation Account

(iv) None of the above

2. Answer any *seven* of the following questions : 1×7=7

(a) What is forfeiture of shares?

(b) What do you mean by Issue of Debentures in consideration other than cash?

(c) Give one point of difference between Sacrificing Ratio and Gaining Ratio.

(d) Name one situation where reconstitution of partnership takes place.

(e) On what occasion sacrificing ratio is used?

(f) What is over-subscription of shares?

(g) What do you mean by Redemption of Debentures?

(h) What is Realization Account?

3. Ram, Raj and George are partners sharing profits in the ratio of 5 : 3 : 2. According to the partnership agreement, George is to get a minimum amount of ₹ 10,000 as his share of profits every year. The net profit for the year 2021 amounted to ₹ 40,000.

Prepare the Profit & Loss Appropriation Account. 3

Or

P and *Q* are partners in a firm sharing profits and losses in the ratio of 3 : 2. Their capitals were ₹ 60,000 and ₹ 40,000 as on 1st January, 2021. During the year they earned a profit of ₹ 30,000. According to the partnership deed, both the partners are entitled to ₹ 1,000 per month as salary and 5% interest on their capital. They are also to be charged an interest of 5% on their drawings irrespective of the period, which is ₹ 12,000 for *P* and ₹ 8,000 for *Q*.

Prepare Profit & Loss Appropriation Account.

4. National Heavy Chemicals Ltd. is registered with an authorized capital of ₹ 30,00,000 divided into 300000 Equity Shares of ₹ 10 each. The company issued 200000 Equity Shares and the amount is payable as follows :

On application—₹ 4
On allotment—₹ 3
On final call—Balance

The issue was fully subscribed and all the money received except the final call on 2000 shares.

Present the 'share capital' in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013. Also prepare 'Notes to Accounts' for the same. 3

Or

The directors of a company forfeited 100 shares of ₹ 10 each fully called up for non-payment of first call of ₹ 2 per share and final call of ₹ 3 per share. 80 of these shares were subsequently reissued at ₹ 6 per share fully paid up.

Pass the necessary Journal Entries to record the above transactions.

5. National Packaging Company purchased assets of the value of ₹ 1,90,000 from another company and agreed to make the payment of purchase consideration by issuing 2000, 10% debentures of ₹ 100 each at a discount of 5%.

Record necessary Journal Entries. 3

Or

Rai Ltd. purchased assets of the book value of ₹ 2,20,000 from another company and agreed to make the payment of purchase consideration by issuing 2000, 10% debentures of ₹ 100 each at a premium of 10%.

Pass necessary Journal Entries.

6. A firm has earned ₹ 1,50,000 as average profit for the last few years. Normal rate of return in the class of business is 15%. Find out goodwill according to capitalization of super profit method, if the value of net assets amounts to ₹ 8,00,000. 3

7. Pass the Journal Entries to record the issue of debentures in the following cases : 4

(i) 5000, 15% debentures of ₹ 100 each issued at a discount of 5% and redeemable at par

(ii) 10000, 15% debentures of ₹ 100 each issued at a premium of 10% and redeemable at premium of 5%

8. *A* and *B* are partners sharing profits in the ratio of 3 : 2. Their books showed goodwill at ₹ 19,000. *C* is admitted for $\frac{1}{4}$th share of profits and brings ₹ 95,000 as his capital but is not able to bring his share of goodwill ₹ 28,500.

Give necessary Journal Entries. 4

9. *A*, *B* and *C* carried on business in partnership sharing profits and losses in the proportion of 3 : 2 : 1. Their capitals were as under as per the Balance Sheet as on 30th June, 2021 :

A—₹ 30,000

B—₹ 20,000

C—₹ 15,000

On 31st March, 2022 *C* died, and you are instructed to prepare an account for presentation to his executors having regard to the following facts :

(i) Interest on Capital @ 12% per annum

(ii) *C*'s drawings from 1st July, 2021 to the date of his death amounted to ₹ 4,500

(iii) *C*'s share of profits for the portion of the current financial year for which he lived was to be taken at the sum calculated on the average of the last three completed years and goodwill was to be raised on the basis of two years' purchase of the average profit of those three years. The annual profit were ₹ 19,000; ₹ 16,000 and ₹ 19,000 respectively

Prepare *C*'s Capital Account. 4

10. The Balance Sheet of a firm on 30th June, 2022 was as follows :

Balance Sheet
as on 30th June, 2022

Liabilities		₹	*Assets*	₹
Sundry Creditors		14,000	Machinery	10,580
Reserve		500	Stock	4,740
Capital A/cs :			Debtors	5,540
Sobers	4,000		Cash at Bank	640
Solomon	3,000	7,000		
		21,500		21,500

[Contd.

The firm was dissolved on the above date and ₹ 19,500 was realized from all assets except Cash at Bank.

Creditors were fully paid. The cost of winding up came to ₹ 440.

Sobers and Solomon shared profits in the ratio of 2 : 1 respectively.

Prepare Realization Account, Capital Accounts of partners and Bank Account. 6

Or

A, *B* and *C* decided to dissolve the partnership. The position as on 31st December, 2022, the date of dissolution, was as follows :

Balance Sheet
as on 31st December, 2022

Liabilities		₹	*Assets*	₹
Creditors		2,750	Furniture	50
A's Loan A/c		300	Stock	1,750
Capital A/cs :			Debtors	2,400
A	1,000		Bills Receivable	300
B	500		Cash	100
C	50	1,550		
		4,600		4,600

They shared profits and losses in the ratio of *A*— $\frac{1}{2}$; *B*— $\frac{3}{10}$ and *C*— $\frac{1}{5}$. ₹ 200 of the debtors proved bad; the Bills Receivable were realized in full; the stock realized ₹ 1,700; furniture was taken over by *B* at book value and the expenses of realization amounted to ₹ 200.

Prepare Realization Account, Partners' Capital Account and Cash Account.

11. Given below is the Balance Sheet of *A* and *B*, who are carrying on partnership business as on March 31, 2022. *A* and *B* share profits and losses in the ratio of 2 : 1 and their Balance Sheet is as follows :

Balance Sheet of A and B
as on 31st March, 2022

Liabilities		₹	*Assets*	₹
Bills Payable		10,000	Cash in Hand	10,000
Sundry Creditors		58,000	Cash at Bank	40,000
Outstanding Expenses		2,000	Sundry Debtors	60,000
Capital A/cs :			Stock	40,000
A	1,80,000		Plant & Machinery	1,00,000
B	1,50,000	3,30,000	Building	1,50,000
		4,00,000		4,00,000

C is admitted as a partner on the date of the Balance Sheet on the following terms :

(i) *C* will bring in ₹ 1,00,000 as his capital and ₹ 60,000 as his share of goodwill for $\frac{1}{4}$th share in profits

(ii) Plant is to be appreciated to ₹ 1,20,000 and the value of buildings is to be appreciated by 10%

(iii) Stock is found overvalued by ₹ 4,000

(iv) A provision for Doubtful Debts is to be created at 5% on debtors

(v) Creditors were unrecorded to the extent of ₹ 1,000

Record Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the firm after admission of the new partner. 8

Or

M, *N* and *O* were in partnership sharing profits and losses in the proportion of 3 : 2 : 1. On 1st January, 2021, *N* retires from the firm. On that date, their Balance Sheet was as follows :

Balance Sheet
as on 1st January, 2021

Liabilities		₹	*Assets*	₹
Trade Creditors		3,000	Cash in Hand	1,500
Bills Payable		4,500	Cash at Bank	7,500
Expenses Owing		4,500	Debtors	15,000
Reserve Fund		13,500	Stock	12,000
Capitals :			Factory Premises	22,500
M	15,000		Machinery	8,000
N	15,000		Loose Tools	4,000
O	15,000	45,000		
		70,500		70,500

The terms were :

(i) Goodwill of the firm was valued at ₹ 13,500

(ii) Expenses owing to be brought down to ₹ 3,750

(iii) Unrecorded liability worth ₹ 600 was paid

(iv) Machinery and loose tools are to be valued at 10% less than their books' values

(v) Factory premises are to be revalued at ₹ 24,300

Show the Revaluation Account, Partners' Capital Accounts and prepare the Balance Sheet of the firm after the retirement of *N*.

12. *D* Ltd. offered to the public 20000 Equity Shares of ₹ 10 each, payable ₹ 4 on application, ₹ 2 on allotment, ₹ 2 on 1st call and the balance on final call. Applications were received for 35000 shares. Applications for 10000 shares were rejected. Only 10000 shares were allotted out of the total 15000 shares and the remaining applications were accepted in full. Excess application money was utilized towards the money due on allotment. Both the calls were made. One shareholder, holding 500 shares, failed to pay the two calls and as a consequence his shares were forfeited. 200 of these shares were reissued as fully paid at ₹ 6 per share.

Pass necessary Journal Entries in the books of the company. 8

Or

XYZ Ltd. invited the public to subscribe 50000 Equity Shares of ₹ 100 each at a premium of ₹ 10 per share payable on allotment. Payments were to be made as follows :

On Application—₹ 20
On Allotment—₹ 40
On first call—₹ 30
On final call—₹ 20

Applications were received for 73000 shares, applications for 3000 shares were rejected. Allotment was made proportionately to the remaining applicants. Both the calls were made and all the money were received except the final call on 3000 shares which were forfeited after due notice. Later on 2000 of the forfeited shares were reissued as fully paid at ₹ 85 per share.

Pass necessary Journal Entries in the books of the company recording the above transactions.

PART—B

(Analysis of Financial Statements)

(*Marks* : 20)

13. Choose and write the correct answer : 1×3=3

(a) Cash flow statement is required for the financial planning of

(i) short range

(ii) long range

(iii) medium range

(iv) very long range

(b) Debt-Equity Ratio measures _____ of the business.

(i) profitability

(ii) activity

(iii) short-term financial position

(iv) long-term financial position

(c) Cost of Goods Sold =

(i) Sales – Gross Profit

(ii) Sales – Net Profit

(iii) Sale proceeds

(iv) None of the above

14. What do you mean by Ratio Analysis? 1

15. Name two ratios measuring profitability. 1

16. State the uses of Cash Flow Statement. 1

17. What do you mean by Financial Statement Analysis? State any two of its limitations. 4

18. *(a)* If Current Liabilities are ₹ 30,000; Current Ratio 2·25 times; Liquid Ratio 1·25 times, calculate Current Assets, Liquid Assets and Stock-in-Trade. 2

(b) If average inventory is ₹ 20,000 and closing inventory is ₹ 2,000 more than the opening inventory, then calculate opening and closing inventory. 2

19. Following are the Balance Sheets of Wisben Ltd. as on 31st March, 2020 and 2021 :

Particulars	*2021* ₹	*2020* ₹
I. *Equity and Liabilities*		
1. Shareholders' Funds :		
(a) Share Capital	7,00,000	6,00,000
(b) Reserves and Surplus	2,00,000	1,10,000
2. Non-current Liabilities :		
Long-term Borrowing	3,00,000	2,00,000
3. Current Liabilities :		
Trade Payables	30,000	25,000
	12,30,000	9,35,000

[Contd.

Particulars		*2021* ₹	*2020* ₹
II. *Assets*			
1. Non-current Assets :			
Fixed Assets			
Tangible Assets		11,00,000	8,00,000
2. Current Assets :			
(a)	Inventory	70,000	60,000
(b)	Trade Receivables	32,000	40,000
(c)	Cash and Cash Equivalents	28,000	35,000
		12,30,000	9,35,000

Adjustments :

During the year a piece of machinery of the book value of ₹ 80,000 was sold for ₹ 65,000. Depreciation provided on tangible assets during the year amounted to ₹ 2,00,000.

Prepare Cash Flow Statement. 6

Or

From the following Balance Sheets of S. M. Industries, prepare a Cash Flow Statement :

Particulars		*2021* ₹	*2022* ₹
I. *Equity and Liabilities*			
1. Shareholders' Funds :			
(a)	Share Capital	60,000	65,000
(b)	Reserves and Surplus	34,000	26,000
2. Current Liabilities		12,000	13,000
		1,06,000	104,000

Particulars		*2021* ₹	*2022* ₹
II. *Assets*			
1. Non-current Assets :			
Fixed Assets			
(a)	Tangible Assets		
	Plant & Machinery	60,000	50,000
(b)	Intangible Assets		
	Goodwill	30,000	35,000
2. Current Assets :			
(a)	Inventories	10,000	9,000
(b)	Cash and Cash Equivalents	6,000	10,000
		1,06,000	1,04,000

Additional Information :

Depreciation of ₹ 20,000 on Plant and Machinery was charged to Statement of Profit and Loss.

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