



JAIN COLLEGE, J C Road, Bangalore
Mock Paper – 1, January - 2020
II PUC – Accountancy (30)

SECTION – A

I. Answer all the questions, each question carries one marks:

1. In the absence of any specific instruction, where do you show the entrance fee?
 - (a) Debit side of income & expenditure a/c
 - (b) Credit side of income & expenditure a/c
 - (c) Liability side of the balance sheet
 - (d) Added to capital fund on the liabilities side of balance sheet
2. In the absence of partnership deed, no partner is entitled to get salary.(True/False)
3. What is hidden goodwill?
4. Accrued profit is calculated on the basis of _____
5. Issued capital is part of:
 - (a) Reserve capital
 - (b) Unissued capital
 - (c) Authorized capital
 - (d) None of the above
6. Expand DRFI.
7. Loans which are repayable within _____ months are called as short term borrowings.
8. Give the meaning of interpretation.
9. Give one example for current liability.
10. What are operating activities?

SECTION – B

II. Answer all the questions, each question carries two marks:

11. Give the meaning of incidental trading activity.
12. What is guarantee of profit to a partner?
13. What is sacrifice ratio?
14. Give the journal entry for transferring an asset to realisation a/c.
15. State any two methods of issue of shares.
16. State any two postulates.
17. Distinguish between vertical and horizontal analysis of financial data.
18. If revenue from operations are Rs 48,000; opening trade receivables are Rs 8000 and closing trade receivables are Rs 6000; calculate cash receipts from customers.

SECTION – C

III. Answer all the questions, each carrying six marks:

19. Karthik and Darshan were partners in a firm sharing profits and losses in the ratio of 3:2. They admit Mahesh for $\frac{1}{6}$ th share in profits and guaranteed that his share of profits will not be less than Rs 25,000. Total profits of the firm were Rs 90,000. Calculate share of profits for each partner when: guarantee is given by Karthik and Darshan equally. Prepare profit & loss appropriation account.
20. Amar and Akbar are partners sharing profits and losses in the ratio of 6:4. They admit Anthony into the partnership giving him $\frac{6}{20}$ th share, which he obtains $\frac{4}{20}$ th from Amar and $\frac{2}{20}$ th from Akbar. Calculate the new profit sharing ratio.

21. Pavan, Madan and Suman were partners sharing profits & losses in the ratio of 2:1:1. Their balance sheet as on 31-3-2017 was as under:

Balance sheet as on 31-3-2017

Liabilities		Amount	Assets		Amount
Sundry creditors		25,000	Cash	6000	
Reserve fund		20,000	Stock	12,000	
Capitals			Debtors	15,000	
Pavan	15,000		Investments	15,000	
Madan	10,000		Buildings	32,000	
Suman	10,000	35,000			
		80,000		80,000	

The partnership deed provides that in the event of death of partner, his executors entitled to get the followings:

- The capital at the date of last balance sheet
- His proportion of reserve fund
- His share of profit to the date of death based on the average profits of the last three years profits.
- His share of goodwill. Goodwill of the firm is twice the average profit of last 3 years profits, the profits for the last three years were:

2014-15	16,000
2015-16	16,000
2016-17	15,520

Suman died on July 1st 2017. He had also withdrawn Rs 5000 till to the date of his death.

22. Ganesh co; ltd issued 10,000 6% debentures of Rs 100 each at a premium of 10% payable: Rs 20 on application
Rs 40 on allotment (including premium)
Rs 50 on first and final call
All the debentures were subscribed and the money duly received. Pass the journal entries up to the stage of first and final call money due.
23. From the following trial balance and other information, statement of profit and loss for the year ending 31st march 2018 as per schedule III of companies act, 2013.

Sl.no	Particulars	Debit (Rs)	Credit (Rs)
1	Land & Buildings	4,00,000	
2	Trade receivables	1,00,000	
3	Trade payables		2,00,000
4	10% debentures (1/4/2017)		3,00,000
5	Sales		15,00,000
6	Net purchases	10,00,000	
7	Wages & Salaries	50,000	
8	Contribution to provident fund	10,000	
9	Plant & Machinery	2,00,000	
10	Goodwill	2,40,000	
	Total	20,00,000	20,00,000

Adjustments:

- Tax rate 30%
- Depreciation on plant & machinery at 10% and amortisation of goodwill by Rs 24,000.

24. Compute Debt-Equity ratio and Proprietary ratio from the following:

Particulars	Amount
Paid up share capital	5,00,000
Net sales	10,00,000
Current liabilities	2,80,000
Average inventory	1,50,000
Current assets	4,00,000
13% debentures	2,00,000
Cost of goods sold	6,00,000

25. National trading company ltd has given the following information:

Particulars	Amount
Plant as on 1/4/2017	1,20,000
Plant as on 31/3/2018	1,50,000
Accumulated depreciation on 1/4/2017	60,000
Accumulated depreciation on 31/3/2018	40,000

During the year, a plant costing Rs 60,000 with accumulated depreciation of Rs 25,000 was sold for Rs 30,000. Calculate cash flow from investing activities.

SECTION – D

IV. Answer all the questions, each question carries Twelve marks:

26. From the following Receipt & Payment a/c of Jan Kalyan Club, prepare Income & Expenditure a/c and Balance sheet for the year ending Dec 31, 2017.

Receipt & Payment a/c for the year ending 31-12-2017

Receipts	Amount	Payments	Amount
To cash in hand (1-1-2017)	6800	By salaries	24,000
To subscriptions	60,200	By travelling expenses	6000
To donation	3000	By stationery	2300
To sale of furniture (book value Rs 6000)	4000	By rent	16000
To entrance fees	800	By repairs	700
To life membership fees	7000	By books purchased	6000
To interest on investments (@5% for full year)	5000	By building purchased	30,000
		By cash in hand(31-12-2017)	1800
	86,800		86,800

Additional information:

Particulars	As on 1-1-2017	As on 31-12-2017
Subscription received in advance	1000	3200
Outstanding subscriptions	2000	3700
Stock of stationery	1200	800
Books	13,500	16,500
Furniture	16,000	8000
Outstanding rent	1000	2000
Investments	1,00,000	1,00,000

27. Following is the Balance sheet of Jain, Gupta and Malik as on 31-3-2018.

Balance sheet as on 31-3-2018

Liabilities		Amount	Assets		Amount
Sundry creditors		19,800	Land & buildings		26,000
Telephone bills outstanding		300	Bonds		14,370
Accounts payable		8950	Cash		5500
Accumulated profits		16,750	Bills receivables		23,450
Capitals:			Sundry debtors		26,700
Jain	40,000		Stock		18,100
Gupta	60,000		Office furniture		18,250
Malik	20,000	1,20,000	Plant & machinery		20,230
			Computers		13,200
		1,65,800			1,65,800

The partners have been sharing profits in the ratio of 5:3:2. Malik decides to retire from business on April 1, 2018 and his share in the business is to be calculated as per the following terms of revaluation of assets and liabilities:

- (a) Stock Rs 20,000; Office furniture Rs 14250; Plant & machinery Rs 23,530; Land & buildings Rs 20,000.
 (b) A provision of Rs 1700 to be created for doubtful debts. The goodwill of the firm is valued at Rs 9000.
 (c) The continuing partners agreed to pay Rs 16,500 as cash on retirement of Malik, to be contributed by continuing partners in the ratio of 3:2. The balance in the capital a/c of Malik will be treated as loan.

28. Following is the Balance sheet of Neha, Nisha and Nikki, who share profit and loss in proportion of 1/2, 1/3 and 1/6. They dissolved their firm on 31-12-2018.

Balance sheet as on 31-3-2018

Liabilities		Amount	Assets		Amount
Creditors		12000	Cash		11000
Bills payable		13000	Debtors		8000
Capitals:			Less: PBD		400
Neha	20,000		Stock		12,400
Nisha	15,000		Furniture		5000
Nikki	10,000	45,000	Motor van		40,000
Profit & loss a/c		6000			
		76,000			76,000

The details available are:

- (a) Assets realised as follows:
 Debtors Rs 10,800; Stock Rs 16000; Furniture Rs 6000; Motor van Rs 45,000.
 (b) Creditors and Bills payable were paid in full.
 (c) There was an outstanding bill for repairs which had to be paid for Rs 200.
 (d) Expenses of realisation amounted to Rs 600.

Prepare: Realisation a/c, Partners' capital a/c and Cash a/c.

29. A company Ltd has a registered capital of Rs 5,00,000 divided into equity shares of Rs 10 each. Of these 40,000 shares were issued to the public. The amount was payable as follows:

Rs 2 on application

Rs 5 on allotment

Rs 3 on first and final call

All the shares were subscribed and the money was duly received except the first and final call on 2000 shares. These shares were forfeited and re-issued at Rs 8 per share as fully paid-up.

Pass the journal entries in the books of A company.

30. Give the necessary journal entries for the following:
- Issue of Rs 1,00,000; 10% debentures of Rs 100 each at a discount of 10% and redeemable at par.
 - Issue of Rs 2,00,000; 10% debentures of Rs 100 each at a premium of 10% and redeemable at a premium of 10%.
 - Issue of Rs 3,00,000; 10% debentures of Rs 100 each at a premium of 10% but redeemable at par.
 - Issue of Rs 4,00,000; 10% debentures of Rs 100 each at a par and redeemable at a premium of 10%.
31. From the following information, prepare common size statement of profit & loss for the year ending 31st march 2016 and 31st march 2017.

Particulars	31-3-2016	31-3-2017
Revenue from operations	5,00,000	4,00,000
Other income	20,000	10,000
Cost of materials consumed	3,00,000	2,00,000
Employees benefit expenses	60,000	40,000
Financial cost	10,000	15,000
Depreciation	20,000	25,000
Other expenses	40,000	30,000
Tax rate	40%	40%

32. From the following information calculate:
- Inventory turnover ratio
 - Trade receivable turnover ratio
 - Trade payable turnover ratio
 - Earnings per share
 - Book value per share
 - Dividend payout ratio

Particulars	Amount
Inventory	1,00,000
70,000 Equity share of Rs 10 each	7,00,000
Cost of revenue from operation	5,00,000
Net purchases	4,00,000
Net profit before tax	3,51,000
13% debentures	3,00,000
Net profit after tax but before dividend	1,75,000
Trade receivables	50,000
Trade payables	75,000
Dividend declared @15%	---

SECTION -E
(PRACTICAL ORIENTED QUESTIONS)

V. Answer all the questions ,each question carries five marks

- Prepare Receipts & Payments a/c of a not-for-profit organisation with 5 imaginary figures.
- Write the pro-forma of a balance sheet of a company with main heads only.
- Classify the following cash flow activities into operating, investing and financing as per AS-3.
 - Purchase of machinery
 - Proceeds from issue of equity shares
 - Cash revenue from operations
 - Proceeds from long term borrowings
 - Proceeds from sale of buildings.



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INSTRUCTIONS TO THE STUDENTS

- All the sub questions of section A should be answered continuously at one place
- Provide working note wherever necessary.

SECTION – A

I. Answer all of the questions , each carries one mark:

1. Donation for specific purpose are always _____.
2. Interest on capital is generally provided for in that situation when:
 - a. The partners contribute unequal amounts of capital but share profits equally
 - b. The capital contribution is same but profit sharing is unequal.
 - a. Both the situations above.
 - b. None of the above.
3. Why NPSR is required at the time of admission of a partner?
4. Share gained is computed by deducting old share from the new share. (True/ False)
5. What is issue of shares at premium?
6. Debentures which are transferable by mere delivery are called _____ debentures.
7. Financial statements are prepared based on:
 - a. Accounting postulate
 - b. Accounting conventions
 - c. Recorded facts
 - d. All the above.
8. State any one limitation of financial analysis?
9. Expand EPS.
10. Give an example for extraordinary item.

SECTION - B

II. Answer all the questions each one carries two marks.

11. What are legacies?
12. Define Partnership.
13. State any two rights acquired by a new partner.
14. What is the accounting treatment for unrecorded liability paid on dissolution of a firm?
15. What is prospectus?
16. State any two differences between non-current liability and current liability.
17. Give the meaning of Common size statements.
18. Mention any two uses of cash flow statements.

SECTION - C

III. Answer all the questions each one carries six marks.

19. Chinni and Sathi are partners sharing profits and losses equally. Chinni withdrew Rs.2000 in the beginning of each month and sathi withdrew Rs.1500 at the end each month for the year ending 31st march 2019. Calculate interest on partners drawings at 12% p.a under average period method.
20. X, Y and Z are partners sharing profits and losses in the ratio of 3:2:1. X retires and her proportion is acquired by Y and Z in the ratio of 3:2. Calculate new profit sharing ratio of remaining partners.

21. Raja , Rani and Mantri were partners of a firm sharing profits and losses in the ratio of 5:3:2. On 31st March 2017, their balance sheet was as under.

Balance Sheet as on 31.3.2017

LIABILITIES		Amount	ASSETS		Amount
Creditors		14000	Cash		8000
Reserve Fund		6000	Debtors		11000
Capitals:			Patents		11000
Raja	30000		Stock		10000
Rani	25000		Machinery		50000
Mantri	15000	70000			
		90000			90000

Raja died on 30th September 2016. It was agreed between his executors and the surviving partners that:
 (a) Goodwill to be valued at two and half years purchase of the average profits of the previous four years which were: 2013-14 Rs.13000 , 2014-15 Rs.20000 , 2015-16 Rs.13000 , 2016-2017 Rs.16000

(b) Share in the profit from the date of the last balance sheet till to the date of death to be calculated on the basis of last years' profit.

(c) Interest on capital to be allowed at 12% p.a.

(d) Share in the Revaluation account balance, his share is Rs. 5000 (cr)

Prepare Raja's Capital Account.

22. The Vesoft Company Ltd., issued 15000,13% debenture at Rs.100 each payable
 Rs.10 per debenture on application
 Rs.50 per debenture on allotment
 Rs.40 per debenture on first and final call.

All the debentures were subscribed and the money duly received.

Pass the journal entries in the books of the company.

23. From the following trail balance, prepare Balance Sheet of Sahara Ltd., for the year ending 31st march 2018 as per Schedule 3 of Companies Act, 2013.

Sl.no	Particulars	Debit	Credit
1.	Equity share capital	-	200000
2.	Preference share capital	-	300000
3.	Reserves and surplus	-	300000
4.	Sales	-	500000
5.	Other non-current liabilities	-	200000
6.	Tangible Assets	400000	-
7.	Intangible Assets	250000	-
8.	Salaries	90000	-
9.	Printing and stationary	30000	-
10.	Rent	80000	-
11.	Purchases	300000	-
12.	Trade receivables	350000	-
	TOTAL	1500000	1500000

24. Following is the Balance Sheet of Acer Co., Ltd as on 31.03.2018

Balance Sheet as on 31.03.2018

Liabilities	Amount(Rs)	Assets	Amount(Rs)
Equity Share capital	240000	Buildings	450000
8% Debentures	90000	Stock	126000
Profit & loss a/c	60000	Debtors	90000
Bank overdraft	60000	Cash in hand	22800
Creditors	240000	Prepaid expenses	7200
Provision for taxation	6000		
	696000		696000

Calculate Current Ratio and Quick Ratio.

25. From the following information, calculate cash flows from financial activities.

Particulars	April 01, 2017 Rs.	March 31, 2018 Rs.
Equity Share capital	2000000	3000000
Secured loan	900000	1600000

During the year secured loan repaid Rs.400000 with interest of Rs.20000 and paid dividend of Rs.50000.

SECTION - D

IV. Answer all of the questions each one carries 12 marks.

26. Following are the Balance sheet and Receipt and Payments account of Uttara Sports Club, Mysore.

Balance Sheet as on 01.01.2018

Liabilities	Amount	Assets	Amount
Outstanding Salary	2000	Cash Balance	7300
Capital Fund	32500	O/S Subscriptions	1200
		Sports Materials	16000
		Furniture	10000
	34500		34500

Receipts and Payments Account for the year ended 31.12.2018

Receipts	Amount	Payments	Amount
To Balance b/d	7300	By Salary	10000
To Subscriptions	38000	By Purchase of sports Materials	6000
To Entrance Fees	2000	By Investments	20000
To Sale of old Newspaper	200	By Fixed Deposits	10000
To Sale of Old sports Materials	1200	By Postage	300
To Rent	7000	By General Expenses	400
		By Lighting charges	1300
		By Balance c/d	7700
	55700		55700

Adjustments:

- (1) Subscriptions outstanding for the year 2018 Rs.3000.
- (2) Subscriptions received in advance for the year 2019 Rs.1000.
- (3) Depreciate sports materials by Rs.5000.
- (4) Capitalize entrance fees.
- (5) Outstanding lighting charges Rs.300.

Prepare: Income and expenditure account and Balance Sheet as on 31.12.2018.

27. Chandran and Rajesh are partners sharing profits and losses equally. Their balance sheet at 31.03.2017 stood as follows.

Balance Sheet as on 31.03.2017

Liabilities		Amount	Assets		Amount
Creditors		40000	Stock		39000
Bank Loan		8000	Debtors	32000	
Capitals:			Less:PDD	1000	
Chandran	80000				31000
Rajesh	40000		Land & Buildings		40000
		120000	Machinery		36000
			Motor Car		8000
			Cash at bank		14000
		168000			168000

On 01.04.2017, Kishore is admitted into partnership for $\frac{1}{6}$ th share in profits on the following terms:

- He has to bring Rs.26000 as capital.
 - Goodwill of the firm is valued at Rs.14000 and it is to be retained in business.
 - Motor car and Machinery are to be depreciated by 20% and Rs.3800 respectively.
 - Provision for doubtful debts is to be maintained at 10%.
 - The capital accounts of all the partners are to be adjusted in their new profit sharing ratio of 3:2:1, based on Kishore's capital and adjustments to be made in cash.
- Prepare all necessary ledger accounts.
28. Anand , Chandu and Vijay are partners sharing profits and losses in the ratio of 2:2:1. Their Balance sheet is as follows,

Balance Sheet as on 31.03.2018

Liabilities	Amount	Assets	Amount
Creditors	15000	Cash in hand	5000
Anand's Loan	5000	Cash at Bank	16000
Bills Payable	10000	Debtors	25000
Bank Loan	8000	Bills Receivable	5000
Profit & loss a/c	22000	Investment	18000
Capitals:		Machinery	25000
Anand	20000	Furniture	16000
Chandu	20000		
Vijay	10000		
-----	50000		
	110000		110000

On the above date the firm dissolved. The following information is available:

- Assets realised:
 - Debtors Rs.24000
 - Bills receivable Rs.4000
 - Investments Rs.15000
 - Machinery Rs.22000
 - Chandu took over furniture for Rs.10000
 - Creditors and Bills payable are paid at a discount of 5%.
 - Unrecorded Investment realised Rs.4000.
 - Dissolution Expenses Rs.2250.
- Prepare a) Realisation account b) Partners Capital account c) Bank account.

29. Autocrat co.ltd issued 40000 equity shares of Rs.10 each at a premium of Re.1 per share to the public. The amount payable was as follows:
 Rs 2 per share on application
 Rs 5 per share on allotment (including premium)
 Rs 4 per share on First and Final call
 All the shares were subscribed and the money duly received except the first and final call on 3000 shares. The directors forfeited these shares and re-issued them as fully paid-up at Rs.8 per share. Pass the necessary journal entries in the books of the Autocrat co.ltd.
30. Give the necessary journal entries at the time of Redemption of Debentures for the following transactions.
- (a) 'M' Company Ltd., issued 10% Debentures of the total value of Rs.200000 at a premium of 5% to be redeemed at par at the end of four years
 (b) 'N' Company Ltd., issued 15000, 9% Debentures of Rs.100 each at par and redeemable at par at the end of five years.
 (c) 'O' Company Ltd., issued 5000, 12% Debentures of Rs.100 each at par. These Debentures are redeemable at 10% premium at the end of four years.
 (d) 'P' Company Ltd., issued 8% Debentures of Rs.400000 at a premium of 10% to be redeemed at par at the end of four years.
 (e) 'Q' Company Ltd., issued Rs.200000, 12% Debentures at a discount of 5% but redeemable at a premium of 5% at the end of 5years.
31. Following are the Balance Sheet of Gama Ltd., as at 31.03.2017 and 2018.

Particulars	31.03.2017 Rs.	31.03.2018 Rs
1.Equity & Liabilities		
Equity Share Capital	200000	400000
Reserves & Surplus	100000	150000
Long term loans	200000	300000
Current liabilities	120000	170000
Total	620000	1020000
2.Assets		
Fixed Assets	200000	500000
Non-current Investment	100000	125000
Current Assets	255000	325000
Term loans and Advances	65000	70000
Total	620000	1020000

Prepare a Comparative Balance Sheet.

32. From the following information, calculate
- (a) Gross Profit Ratio
 (b) Inventory Turnover Ratio
 (c) Trade Receivable Ratio
 (d) Return on Shareholders fund
 (e) Return on Investment
 (f) Book Value per share

Particulars	Amount
Revenue From Operations	300000
Cost of revenue from operations	240000
Inventory at the end	62000
Gross profit	60000
Inventory in the beginning	58000
Trade receivables	32000
Net profit After Tax	100000
Share capital of Rs.10 each	600000
Statement of profit & loss	300000
10% debentures	400000
Net profit before tax	200000

SECTION - E

Practical oriented questions

V. Answer all the questions each one carries five marks.

33. Classify the following items in to capital and revenue items.
 - (a) Interest on loan taken from construction of building.
 - (b)Locker rent paid.
 - (c)Sale of old sports materials.
 - (d)Salary paid to ground men for upkeep of ground.
 - (e)Carriage paid on goods purchased.
34. Prepare Executors loan account with imaginary figures showing the repayment in two annual equal installments along with interest.
35. Name the major heads under which the following items will be presented in the balance sheet of a company.
 - a)Loose tools
 - b)Debenture redemption reserve
 - c)Proposed Dividend
 - d)Computer Software
 - e)Equity share capital
