

**SRI BHAGAWAN MAHAVEER JAIN COLLEGE**

Vishweshwarapuram, Bengaluru.

Mock Paper-2 (2017-18)**Course:** II PUC**Subject:** Accountancy**Max. Marks:** 100**Duration:** 3hrs**SECTION-A****I. Answer any seven questions, each carrying two marks.****7x2=14**

1. Give four examples for capital reserve.
2. Give two circumstances under which the fixed capitals of partners may change.
3. Goodwill of the firm is valued at 2 years purchases of the average profit of last 4 years. The total profits for the last 4 years were ₹ 20,000. Calculate the goodwill of the firm.
4. Give the journal entry to close the retiring partners capital account.
 - (a) When the payment is made immediately.
 - (b) When it is transferred to loan account.
5. What is realization account?
6. What is Calls in arrears?
7. What is EPS? How is it calculated?
8. What is operating ratio?
9. What are legacies?
10. State any two advantages of database management system.

SECTION-B**II. Answer any four questions, each carrying five marks.****4x5=20**

11. Rama and Lakshmana were partners sharing profits and losses equally. Rama withdrew ₹ 5,000 quarterly at the end of each quarter for the year ending 31st march 2017. Interest is chargeable on partner's drawings at 10% . p.a calculate interest on Rama's drawings for the year ending 31st march 2017. Under average period method.
12. Rahul and Mehul are partners sharing profits and losses in the ratio of 4:3. They admit Praful into the partnership and give him 1/6th share. Rahul and Mehul agree to share the remaining share equally. Calculate the new profit sharing ratio.
13. River, Mountain and Sea were partners in a firm sharing profits and losses in the ratio of 2:1:2. Their balance sheet as on 31-03-2017 is given below:

Liabilities	₹	₹	Assets	₹	₹
Sundry creditors		10,000	Cash at bank		24,000
River	60,000		Debtors		48,000
Mountain	40,000		Stock		32,000
Sea	<u>50,000</u>	1,50,000	Plant and Machinery		57,000
Current Accounts			Current account of Mountain		14,000
River	9,000				
Sea	6,000	15,000			
		1,75,0000			1,75,000

Mountain died on 1-7-2017. According to the partnership deed, the executors of the deceased partner are entitled to claim:

- a) His capital and current account balances
 - b) Interest on capital at 6% p.a
 - c) Mountain had to receive a salary of ₹ 600 per month.
 - d) Share of profit based on the average profit of two preceding years.
 - e) Share of goodwill calculated on the basis of 2 years purchase of the average profits of 3 preceding years.
- The profits were for 2014-15 ₹ 60,000, for 2015-16 ₹ 50,000 and for 2016-17 ₹ 40,000. You are required to ascertain the amount payable to the executors of the deceased partner by preparing his capital account.

14. Z.Co.Ltd, purchased building worth ₹ 1,50,000 machinery worth ₹ 1,00,000 furniture worth ₹ 40,000 and goodwill ₹ 25,000 from Y.Co.Ltd, for a purchase consideration of ₹ 3,00,000, Z.Co.Ltd paid the purchase consideration by issuing 12% debentures of ₹ 100 each at a premium of 5%. Pass the necessary journal entries.

15. The following are the balance sheets of A.Ltd. Convert these into common size statement.

Particular	31-03-2014	31-03-2015
Liabilities:-		
Equity share capital	2,40,000	2,40,000
General Reserve	96,000	1,82,000
Long Term Loans	1,82,000	1,69,000
Trade Payables	67,000	52,000
Outstanding Expenses	6,000	-
Other Current Liabilities	9,000	7,000
Total Liabilities:-	6,00,000	6,50,000
Assets:-		
Fixed Assets	4,02,000	3,90,000
Cash	54,000	78,000
Trade Receivables.	60,000	65,000
Inventories	84,000	1,17,000
Total Assets	6,00,000	6,50,000

16. From the following ledger balances as on 1-4-2017, find out the opening capital fund.
Buildings ₹ 80,000, Furniture ₹ 20,000, Investments ₹ 40,000, outstanding expenses ₹ 2,000, outstanding subscriptions ₹ 1,000, Prepaid Insurance ₹ 500, subscriptions received in advance ₹ 3,000, cash in hand ₹ 3,200, cash at bank ₹ 6,300
17. Explain the types of information with one example each.

SECTION-C

III. Answer any four questions, each carrying fourteen marks.

4x14=56

18. A.Ltd Co. acquired a lease of a building for a term of 5 years by making a payment of ₹ 4, 00,000. It is proposed to depreciate the lease by annuity method, charging 5% interest per annum. Reference to the annuity table shows that the annuity for Re.1 for 5 years at 5% is Re.0.230975.
Prepare the Lease Account and Interest Account for 5 years.
19. Vinith, Sumith and Likith were partners sharing profits and losses in the ratio of 3:2:1. Their balance sheet as on 31-03-2014 was as follows:

Liabilities	₹	₹	Assets	₹	₹
Creditors		26,000	Cash		2,500
Bills Payable		4,000	Debtors	16,000	
Profit and Loss A/c		6,000	Less: PBD	<u>500</u>	15,500
Capitals:			Stock		25,000
Vinith	50,000		Motor Car		8,000
Sumith	30,000		Machinery		35,000
Likith	20,000		Buildings		50,000
		1,00,000			
		1,36,000			1,36,000

Sumith retires due to change of residence and the following adjustments are to be made:

- (1). Goodwill of the firm was valued at ₹ 45, 000. Sumith's share of goodwill is to be created and written off without opening the goodwill account.
- (2). Assets were revalued as under:
Buildings ₹ 58, 000, Machinery ₹ 33,000, Motor car ₹ 5,000, Stock ₹ 30,000.
- (3). PBD increased to 5% on debtors
- (4). Prepaid Expenses ₹ 520
- (5). Vinith and Likith to share the future profits in the ratio of 3:2.

Prepare: 1) Revaluation A/c, 2) Partners Capital A/c
3) Balance Sheet of the new-firm

20. The following is the balance sheet of Disha, Diya and Diksha as on 31-03-2017.

Liabilities	₹	₹	Assets	₹	₹
Creditors		15,000	Cash		6,500
Bills Payable		1,800	Debtors		8,600
Reserve Fund		6,000	Investments		10,000
<u>Capitals:</u>			Stock		13,700
Disha		22,000	Furniture		5,100
Diya		12,000	Buildings		12,900
Diksha		10,000	Goodwill		10,000
		66,800			66,800

It was decided to dissolve the partnership firm and the details available are:

a) Disha took over goodwill at ₹12,000 and buildings at ₹ 15,750

b) Diya took over creditors at book value.

c) Diksha took over bills payable at book value.

d) The other assets realized as under:

Debtors ₹ 8,000, Investments ₹ 8,950,

Stock ₹ 15,600 and furniture ₹ 4,500

e) Realization Expenses amounted to ₹ 600

Prepare: (i) Realization Account, (ii) Partners Capital Accounts (iii) Cash Account.

21. A mining company, invited applications for 40,000 equity shares of ₹ 100 each at a discount of ₹10 per share. The amount was to be paid as follows.

On application ₹ 20

On allotment ₹ 20

On first and final call ₹ 50

The public applied for 36,000 shares and these were allotted. All the moneys due were collected with the exception of the first and final call on 4,000 shares and the directors forfeited these shares and re-issued as fully paid at ₹ 80 per share. Pass the journal entries.

22. From the following trial balance prepare final accounts of Hindustan Trading Company Limited for the accounting period 31st March 2014.

Sl.No.	Particulars	Debit (₹)	Credit (₹)
1	Share capital (Equity Shares of Rs.10 each)		9,00,000
2	General Reserve		50,000
3	P&L A/c		2,25,000
4	10% Debentures		3,00,000
5	Interest on Debentures	30,000	
6	Trade Payables		97,000
7	Unclaimed Dividend		5,000
8	Provision for employee benefits(short term)		48,000
9	Buildings	4,25,000	
10	Furniture	1,00,900	
11	Plant and Machinery	5,58,000	
12	Trade Receivables	2,54,300	
13	Provision for bad and doubtful debts.		12,715
14	Bad Debts	12,215	
15	Cash and Bank Balance	85,000	
16	Purchase of stock in trade	2,72,250	
17	Sale of goods		6,35,000
18	Salaries and Wages	1,25,000	
19	Contribution to Provident Fund and Other Funds	54,000	
20	Rent Expenses	25,550	
21	Power and Fuel	78,500	
22	Advertisement	36,400	
23	Administration Expenses	95,600	
24	Stock	1,20,000	
	Total	22,72,715	22,72,715

Adjustments:-

1. Closing Inventories ₹ 1, 23,800
 2. Outstanding salary ₹ 10,000
 3. Write off further bad debts of ₹ 15,000 and maintain provision for bad and doubtful debts at 10%
 4. Provide depreciation on Machinery at 10% and Buildings at 5%.
 5. Prepaid Rent ₹ 1,540
23. Following is the summarized Profit and Loss account and Balance Sheet for the year ended 31-03-2017.

Profit and Loss A/c for the year ended 31-03-2017.

Particulars	₹	Particular	₹
To opening Stock	50,000	By Sales	4,00,000
To Purchases	2,00,000	By Closing Stock	60,000
To Direct Expenses	16,000		
To Gross Profit c/d	<u>1,94,000</u>		
	<u>4,60,000</u>		<u>4,60,000</u>
To Salary	48,000	By Gross Profit b/d	1,94,000
To loss on sale of furniture	6,000		
To Net Profit	1,40,000		
	1,94,000		1,94,000

Balance sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Equity Share Capital	2,00,000	Stock	60,000
P and L A/c	1,40,000	Cash	40,000
Creditors	1,90,000	Debtors	1,00,000
Outstanding Expenses	10,000	Land and Buildings	4,00,000
Bills Payable	60,000		
	6,00,000		6,00,000

Calculate: (i) Current Ratio, (ii) Quick Ratio (iii) Stock Turnover Ratio (iv) Gross Profit Ratio (v) Net Profit Ratio.

24. Following is the Balance Sheet and Receipts and Payments Account of Silver Sports Club, Bangalore

Balance Sheet as on 31-03-17

Liabilities	₹	Assets	₹
Outstanding Salary	7,000	Cash in hand	15,500
Pre-received subscriptions	4,000	Sports Materials	35,000
Capital Fund	1,50,000	Furniture	21,000
		Land and Buildings	90,000
	1,61,500		1,61,500

Receipts and payments A/c for the year ending 31-03-2017

Receipts	₹	Payments	₹
To balance b/d	15,500	By Salary	25,000
To subscriptions	52,000	By Sports Materials(1-10-2016)	14,000
To Entrance Fees	6,000	By Investments	15,000
To Sale of old newspaper	3,000	By Postage	400
To Sports Fees	9,500	By Electricity Charges	1,600
		By Upkeep of grounds	6,500
		By balance c/d	23,500
	86,000		86,000

Adjustments:

- a) Outstanding Subscriptions for March, 2017 ₹ 1,000
- b) Outstanding salary as on 31-03-17 ₹ 5,000
- c) Half of the entrance fees to be capitalized.
- d) Depreciate sports materials @ 20% per annum and furniture @5% per annum.

Prepare: Income and Expenditure Account and Balance Sheet as on 31-03-17

SECTION-D

(Practical Oriented Questions)

IV. Answer any two questions, each carrying five marks..

2x5=10

- 25. Prepare a machinery account for two years with imaginary figures under diminishing balance method.
- 26. Prepare capital account of two partners under fluctuating capital system with five imaginary figures.
- 27. Prepare the comparative income statement of two years with five imaginary figures.
