



SRSI PU COLLEGE, BELLUR

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Presenting

II-PU PASSING PACKAGE EASY CAPSULES.

(As per Reduced syllabus 2020-21)

SOLVED MODEL QUESTION PAPERS

FOR THE SUBJECT:

“ACCOUNTANCY”



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MODEL QUESTION PAPER-I
2020-21 for reduced syllabus
SECOND YEAR P.U.C - ACCOUNTANCY

Time: 3 Hours 15 Minutes

Max Marks: 100

Instructions:

1. All the sub questions of Section-A should be answered continuously at one place.
2. Provide working notes wherever necessary.
3. 15 minutes extra has been allotted for candidates to read the questions.
4. Figures in the right hand margin indicate full marks.

Section –A

Answer any Eight questions, each question carries ONE mark.

08×01=08

1. Not-For-Profit Organisations are formed for
 - a. Profit
 - b. Service**
 - c. Profit & Service
 - d. None of these
2. The agreement between partners must be in writing. (state T/F) **False**
3. State any one features of Partnership.
i. Two or more persons, ii. An Agreement
4. Expand NPSR. **New Profit Sharing Ratio**
5. New ratio – Old ratio = **Gain Ratio**
6. Who is an 'Executor'?
Executor is the legal representative of deceased partner
7. A company is an **Artificial** Person.
8. Shares can be forfeited for:
 - [a] non-payment of call money**
 - [b] failure to attend meeting
 - [c] failure to repay the loan to the bank.
 - [d] the pledging of shares as a security
9. Give an example for non-current asset.

Fixed Assets [Buildings, plant & machinery] Intangible Asset [Goodwill, Patent]

10. State any one type of reserve. **General Reserve, Capital Reserve**

Section –B

Answer any FIVE questions, each question carries TWO marks.

05×02=10

11. Define partnership.
The partnership is an association of two or more persons who agree to carry on a legal business jointly and share the profits or losses from that business in an agreed ratio.
12. Name any two contents of Partnership Deed.
 - i. Name of the firm, ii. Name of partners, iii. Profit sharing ratio, iv. Nature of business
13. State any two circumstances under which a Partnership Firm is dissolved.
 - i. Completion of business, ii. Completion of time, iii. Death of all partners.
14. Why is Realisation Account prepared?
Realisation account is prepared on dissolution of partnership firm. It is prepared to find the profit or loss on realisation of assets and payment of liabilities.
15. State any two features of a company.
 - i. A Company is voluntary association of people,
 - ii. It should be registered under Companies Act 2013,
 - iii. It is an artificial person.
16. What do you mean by over subscription?
Over subscription means public applying for more shares than issued by company.

17. Give the meaning of financial statements.

Financial statements are written records showing business results, the financial performance and position of a company. It includes Profit and loss Account and Balance sheet.

18. Write any two objectives of financial statements.

- i. To show profit or loss of business, ii. To show assets and liabilities of business

Section –C

Answer any FOUR questions, each question carries SIX marks.

04×06=24

19. X & Y are Partners commenced Partnership business on 1.04.2019, sharing profits & losses in 3:2 ratio with capitals of ₹ 1,00,000 and ₹ 80,000 respectively. They earned profits of ₹ 15,000 for the year before allowing:

- a) Interest on Capitals @ 10% p.a.
- b) Interest on drawings: X ₹ 1,000 & Y ₹ .800
- c) Commission payable to X ₹ 2000
- d) Salary payable to Y ₹ 3000

Prepare P & L Appropriate A/c for the year ending 31.03.2020.

P & L Appropriate A/c			
Particulars	Amount	Particulars	Amount
To Interest on Capital		By Net profit	15,000
X - 1,00,000*10/100	10,000	By Interest on drawings	
Y - 80,000*10/100	8,000	X	1,000
To Commission - X	2,000	Y	800
To Salary - Y	3,000	By Partners Capital A/c	
		X - 3720	
		Y - 2480	
		[Loss - 6200*3/5:2/5]	
		(b/f)	6,200
	23,000		23,000

20. Yasashvi and Tapashvi are partners in a firm. During the year ended on 31st March 2020, Yasashvi makes the drawings as under:

Date of Drawings	₹
01.08.2019	5,000
31.10.2019	8,000
31.12.2019	10,000
31.03.2020	15,000

Partnership Deed provided that partners are to be charged interest on drawings @ 12% p.a. Calculate the interest on drawings of Yasashvi under Product Method.

Calculation of interest on drawings of Yasashvi under Product				
Method year ended on 31st March 2020				
Date	Amount	Period	Product	
01.08.2019	5,000	8	40,000	8,9,10,11,12,1,2,3
31.10.2019	8,000	5	40,000	10 ,11,12,1,2,3
31.12.2019	10,000	3	30,000	12 ,1,2,3
31.03.2020	15,000	0	0	3
			1,10,000	
Interest on drawings = Total product $\times \frac{\text{Rate of interest}}{100} \times \frac{1}{12}$ $= 1,10,000 \times \frac{12}{100} \times \frac{1}{12} = 1,100$ Interest on drawings = <u>Rs. 1,100</u>				

21. Ankit, Suchit and Chandru are partners in a firm sharing profits and losses in the ratio of 4:3:2. Ankit retires from the firm. Suchit and Chandru agreed to share in the ratio of 5:3 in future. Calculate gain ratio of Suchit and Chandru.

$$\text{OPSR} = \text{Ankit} : \text{Suchit} : \text{Chandru} = \frac{4}{9} : \frac{3}{9} : \frac{2}{9}$$

$$\text{NPSR} = \text{Suchit} : \text{Chandru} = \frac{5}{8} : \frac{3}{8}$$

Gain Ratio = NPSR - OPSR

$$\text{Suchit} = \frac{5}{8} - \frac{3}{9} = \frac{45-24}{72} = \frac{21}{72}$$

$$\text{Chandru} = \frac{3}{8} - \frac{2}{9} = \frac{27-16}{72} = \frac{11}{72}$$

$$\text{Gain Ratio} = \text{Suchit} : \text{Chandru} = \mathbf{21:11}$$

22. Ramesh, Prakash and Suresh were partners in a firm sharing profits & losses in the ratio of 5:3:2. On 31st March 2020, their balance sheet was as under:

Balance Sheet as on 31.3.2020

Liabilities	₹	Assets	₹
Creditors,	14,000		8,000
Reserve Fund	6,000	Cash	11,000
Capitals:	70,000	Debtors	11,000
Ramesh 30,000		Patents	10,000
Prakash 25,000		Stock	50,000
Suresh 15,000		Machinery	
	90,000		90,000

Ramesh died on 30th Sept 2019. It was agreed between his executors and the surviving partners that:

- Good will to be valued at two and half years purchase of the average profits of the previous four years, which were:
2016-17 ₹ 12,000, 2017-18 ₹ 20,000, 2018-19 ₹ 13,000, 2019-20 ₹ 15,000 (as per AS26)
- Share in the profit from the date of last balance sheet till to the date of death to be calculated on the basis of last year's profit.
- Interest on capital to be allowed at 12% p.a.
- Prepare Ramesh's capital account.

Ramesh's Capital A/c			
Particulars	Amount	Particulars	Amount
To Ramesh's Executor's A/c		By Balance b/d	30,000
(b/f)	57,300	By Prakash's Capital A/c [WN-1]	11,250
		By Suresh's Capital A/c [WN-1]	7,500
		By Profit and Loss Suspense A/c [WN-2]	3,750
		By Interest on Capital A/c [30,000*12/100*6/12]	1,800
		By Reserve Fund A/c [6000*5/10]	3,000
	57,300		57,300

Working Note

1. Calculation of Goodwill

$$\text{Average Profits} = \frac{12,000+20,000+13,000+15,000}{4} = \frac{60,000}{4} = 15,000$$

$$\text{Goodwill} = 15,000 * 2.5 = 37,500$$

$$\text{Ramesh's share of Goodwill} = 37,500 * \frac{5}{10} = 18,750$$

Treatment of Goodwill as per AS26

Distribution of Goodwill among remaining partners in Gain ratio -

$$\text{Prakash's Capital} - 18,750 * \frac{3}{5} = 11,250$$

$$\text{Suresh's Capital} - 18,750 * \frac{2}{5} = 7,500$$

$$2. \text{ Profit and Loss Suspense A/c} = 15,000 * \frac{6}{12} * \frac{5}{10} = 3,750$$

23. 'A' Company issued 5,000 Equity shares of ₹ 100 each. The amount was payable as follows:

On application ₹ 20 On allotment ₹ 40 On first call and final call ₹ 40

All the shares were subscribed and the money duly received.

Pass the journal entries up to the stage of first and final call money received.

Journal Entries in the books of A Company.				
Date	Particulars	LF	Debit (₹)	Credit (₹)
1	Bank A/c (5,000*20) Dr To Share Application A/c [Being Application money received]		1,00,000	1,00,000
2	Share Application A/c Dr To Share Capital A/c [Being application money transferred to share capital]		1,00,000	1,00,000
3	Share Allotment A/c (5,000*40) Dr To Share Capital A/c [Being allotment made]		2,00,000	2,00,000
4	Bank A/c Dr To Share Allotment A/c [Being Allotment money received]		2,00,000	2,00,000
5	Share first and final call A/c (5,000*40) Dr To Share Capital A/c [Being first and final call made]		2,00,000	2,00,000
6	Bank A/c Dr To Share first and final call A/c [Being Share first and final call A/c money received]		2,00,000	2,00,000

24. From the following details you are required to prepare statement of profit and loss for the year ended 31-03-2020 as per Schedule III of Companies Act, 2013.

Particulars	₹
Plant and Machinery	40,000
Furniture	20,000
Share capital	4,00,000
Sales	3,00,000
Purchases	1,80,000
Trade Payables	30,000
Depreciation on plant and machinery	4,000
Amortisation of goodwill	6,000
Interest on debentures	30,000
Interest on borrowings	20,000
Tax	30%

Statement of profit and loss for the year ended 31-03-2020		
Particulars	Note No	Amount
I. Revenue from operations		3,00,000
Other Income		_____
Total Income [A]		<u>3,00,000</u>
II. Expenses		
Cost of materials consumed		
Purchases of Stock		1,80,000
Changes in inventories - finished goods work-in-progress and Stock-in-Trade		
Employee benefits expense		
Finance costs	1	50,000
Depreciation and amortization expense	2	10,000
Other expenses		
Total expenses [B]		<u>2,40,000</u>
Profit before tax [A-B]		60,000
Less tax		<u>18,000</u>
Profit after tax		<u>42,000</u>
Working Note 1		
<u>Finance costs</u>		
Interest on debentures	30,000	
Interest on borrowings	<u>20,000</u>	50,000
Working Note 2		
<u>Depreciation and amortization expense</u>		
Depreciation on plant and machinery	4,000	
Amortization of goodwill	<u>6,000</u>	10,000

21. Form the following information, prepare Balance Sheet of Jindal Company Ltd as at 31/03/2020 as per Schedule III of Companies Act, 2013.

Particulars	₹
Share Capital	10,00,000
Reserves and Surplus	5,00,000
10% Debentures	5,00,000
Creditors	2,00,000
Bills payable	3,00,000
Fixed Assets	15,00,000
Trade receivables	5,00,000
Short term investments	2,00,000
Cash and cash equivalents	3,00,000

Balance Sheet of Jindal Company Ltd as at 31/03/2020		
Particulars	Note No	Amount
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital		10,00,000
(b) Reserves and surplus		5,00,000
(c) Money received against share warrants		
(2) Share application money pending allotment		
(3) Non-current liabilities		
(a) Long-term borrowings 10% Debentures		5,00,000
(4) Current liabilities		
(b) Trade payables	1	5,00,000
TOTAL		<u>25,00,000</u>
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		15,00,000
(2) Current assets		
(a) Current investments		2,00,000
(c) Trade receivables		5,00,000
(d) Cash and cash equivalents		3,00,000
TOTAL		<u>25,00,000</u>
Working Note 1		
<u>Trade payables</u>		
Creditors	2,00,000	
Bills payable	3,00,000	5,00,000

Section –D

Answer any FOUR questions, each question carries TWELVE marks.

04×12=48

26. Followings are the Balance Sheet and Receipt and Payment Account of Sree Sports Club, Bengaluru.

Balance Sheet as on 31-03-2018

Liabilities	₹	Assets	₹
Outstanding salary	2,000	Cash balance	7,300
Capital fund	32,500	O/S subscriptions	1,200
		Sports Materials	16,000
		Furniture	10,000
	34,500		34,500

Receipt and Payment A/C for the year ended 31-03-2019

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d	7,300	By Salary	10,000
To Subscriptions	38,000	By purchase of Sports Materials	6,000
To Entrance Fees	2,000	By Investments	20,000
To Sale of old newspapers	200	By Fixed Deposits	10,000
To Sale of old sports materials	1,200	By Postage	300
To Rent	7,000	By General expenses	400
		By Lighting Charges	1,300
		By Balance c/d	7,700
	55,700		55,700

Adjustment:

- a. Subscriptions outstanding for the year 2019 is ₹ 3,000.
- b. Subscriptions received in advance for the year 2020 ₹ 1,000.
- c. Depreciate sports materials by ₹ 5,000.
- d. Capitalize entrance fees.
- e. Outstanding lighting charges ₹ 300.

Prepare:

1. Income and Expenditure Account and 2. Balance Sheet as on 31-03-2019.

Sree Sports Club, Bengaluru.					
Income and Expenditure Account for the year ended 31.03.2019					
Expenditure		Amount	Income		Amount
To Salary	10,000		By Subscriptions	38,000	
Less-O/S Salary (17-18)	<u>2,000</u>	8,000	Add-O/S Subscriptions (18-19)	3,000	
To Postage		300	Less-O/S Subscriptions (17-18)	1,200	
To General Expenses		400	Less-Advance Subscriptions (19-20)	<u>1,000</u>	38,800
To Lighting Charges	1300		By Sale of old newspapers		200
Add-O/S Lighting charges (18-19)	<u>300</u>	1,600	By Sale of old Sports Materials		1,200
To Depreciation- Sports materials		5,000	By Rent		7,000
To Surplus (b/f)		<u>31,900</u>			
		47,200			47,200

Balance Sheet as on 31.03.2019					
Liabilities		Amount	Assets		Amount
Capital Fund -			Cash Balance		7,700
Opening balance	32,500		Sports Materials	16,000	
Add - Entrance fee	2,000		Add-Purchases	6,000	
Add - Surplus	<u>31,900</u>	66,400	Less-Depreciation	<u>5,000</u>	17,000
O/S Light Charges		300	Furniture		10,000
Advance Subscriptions (19-20)		1,000	Investment		20,000
			Fixed Deposits		10,000
			O/S Subscriptions (18-19)		<u>3,000</u>
		67,700			67,700

27. From the following Receipt and Payment Account and information given below, prepare Income and Expenditure Account and the Balance Sheet of Adult Literacy Organisation as on March 31, 2018

Receipt and Payment A/C for the year ending 31-03-2018

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d	19,550	By General Expenses	3,200
To Subscriptions		By News papers	1,850
2017-18 27,700		By Electricity	3,000
2018-19 500	28,200	By Fixed Deposit with	18,000
To Sale of old newspaper	800	Bank(on 30-06- 17 @10%)	
To Govt. Grant	12,000	By Books	7,000
To Sale of old furniture	3,700	By Salary	3,600
(Book value ₹ 5,000)		By Rent	6,500
To Interest received on		By Postage charges	300
Fixed Deposits	900	By Furniture (purchased)	10,500
		By Balance c/d	11,200
	<u>65,150</u>		<u>65,150</u>

Additional Information:

- 1) Subscription due on 31-03-2018 ₹ 1500
- 2) On March 31,2018 Salary outstanding ₹ 600

3) On April 1, 2017 Organization owned furniture ₹ 12,000, Books ₹ 5,000

Adult Literacy Organisation			
Opening Balance sheet as on 01.04.2017			
Liabilities	Amount	Assets	Amount
Capital fund -Opening	36,550	Furniture	12,000
(b/f)		Books	5,000
		Cash balance	<u>19,550</u>
	<u>36,550</u>		<u>36,550</u>

Income and Expenditure Account for the year ending 31.03.2018			
Expenditure	Amount	Income	Amount
To General Expenses	3,200	By Subscriptions	27,700
To News papers	1,850	Add-O/S Subscriptions (17-18)	<u>1500</u>
To Electricity	3,000	By Sale of old news papers	800
To Salary 3600		By Govt. Grant	12,000
Add- O/S Salary <u>600</u>	4,200	By Interest on FD	900
To Rent	6,500	Add-O/S Interest	<u>450</u>
To Postage charges	300	[18000*10/100*9/12=1350]	
To Loss on sale of old furniture (5000-3700)	1,300		
To Surplus	<u>23,000</u>		
	<u>43,350</u>		<u>43,350</u>

Balance Sheet as on 31.03.2018					
Liabilities		Amount	Assets		Amount
Capital Fund -			Furniture	12,000	
Opening balance	36,550		Add-Purchases	10,500	
Add - Surplus	<u>23,000</u>	59,550	Less-Sales	<u>5000</u>	17,500
O/S Salary (17-18)		300	Books	5,000	
Advance Subscriptions (18-19)		1,000	Add-Purchases	<u>7,000</u>	12,000
			Fixed Deposits		18,000
			O/s Interest on FD		450
			Cash Balance		11,200
			O/S Subscriptions (17-18)		<u>1,500</u>
		<u>60,650</u>			<u>60,650</u>

28. Raja and Rani are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31.03.2020 was as follows.

Balance Sheet as on 31.03.2020

Liabilities	₹	Assets	₹
Creditors	40,000	Cash	5,000
Bills Payable	20,000	Machinery	60,000
General Reserve	25,000	Stock	25,000
Capitals:		Debtors	23,000
Raja	60,000	Less: PDD	3,000
Rani	40,000	Buildings	50,000
		Investments	20,000
		P & L Account	5,000
	185,000		185,000

On 01.04.2020 they admitted Mantri as a partner and offer him 1/5th share in the future profits on the following terms.

- Mantri has to bring in Rs. 30,000 as his capital and ₹ 10,000 towards goodwill.
- Goodwill is to be withdrawn by the old partners.(as per AS26)
- Depreciate Machinery by 5%.
- Appreciate buildings by 10%.
- PDD is reduced to ₹ 2,000 and investments are to be revalued at ₹ 25,000.

Prepare: i. Revaluation Account ii.Partners' Capital Account. iii. Balance sheet after admission.

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To Machinery A/c	3,000	By Buildings A/c	5,000
To Partners' Capital Ac		By PDD	1,000
Raja 4800		By Investments	5,000
Rani 3200	4,800		
[Profit - 8000*3/5:2/5]	3,200		
	(b/f) 8,000		
	11,000		11,000

Partners Capital A/c							
Particulars	Raja	Rani	Mantri	Particulars	Raja	Rani	Mantri
To Raja's Capital A/c	----	----	6,000	By Balance b/d	60,000	40,000	----
To Rani's Capital A/c	----	----	4,000	By Cash	----	----	40,000
[Goodwill]				By Mantri's Capital A/c	6,000	4,000	----
To Cash	6,000	4,000		[Goodwill]			
[Goodwill withdrawn]				By Revaluation A/c	4,800	3,200	----
To Profit/Loss A/c	3,000	2,000		[Profit]			
[5000*3/5:2/5]				By General Reserve	15,000	10,000	----
To Balance c/d	76,800	51,200	30,000	[25000*3/5:2/5]			
	85,800	57,200	40,000		85,800	57,200	40,000

New Balance Sheet			
Liabilities	Amount	Assets	Amount
Creditors	40,000	Cash	5,000
Bills Payable	20,000	Add - Mantri's Capital A/c	40,000
Capital		Less - Goodwill withdrawn	<u>10,000</u>
Raja	76,800	Machinery	60,000
Rani	51,200	Less - Depreciation	<u>3,000</u>
Mantri	<u>30,000</u>	[60000*5/100=3000]	
		Buildings	50,000
		Add - Appreciation	<u>5,000</u>
		[50000*5/100=5000]	
		Debtors	23,000
		Less - PDD	<u>2,000</u>
		[Reduced to 2000]	
		Investments	20,000
		Add - Appreciation	<u>5,000</u>
		Stock	<u>25,000</u>
	2,18,000		2,18,000

Treatment of Goodwill as per AS26
Goodwill brought in cash, Mantri's share - 10,000
Distribution of goodwill in Sacrifice ratio
OPSR taken as Sacrifice ratio and NPSR is not given
Raja's Capital = $10000 \times \frac{3}{5} = 6,000$
Rani's Capital = $10000 \times \frac{2}{5} = 4,000$

29. Gouri and Ganesh are partners in a firm sharing profit equally. Following is their Balance Sheet as on 31.03.2020.

Balance Sheet as on 31.03.2020

Liabilities	₹	Assets	₹
Creditors	20,000	Cash in Hand	7,000
Bills Payable	4,000	Stock	25,000
General Reserve	6,000	Buildings	40,000
Capitals:		Debtors 17,000	
Gouri	80,000	Less: PDD <u>1,500</u>	15,500
Ganesh	40,000	Furniture	14,500
		Patents	30,000
		Plant & Machinery	18,000
	150,000		150,000

On 01.04.2020, Shiva is admitted into partnership on the following terms:

- Shiva should bring ₹ 25,000 as capital.
- Goodwill of the firm is valued ₹ 16,000.(as per AS26)
- Stock is to be increased by 8%.
- Provision for doubtful debts is increased to ₹ 2,600.
- Capital accounts of partners are to be adjusted in their new profit sharing ratio 3:2:1, based on Shiva's capital (Adjustments to be made in cash).

Prepare: i). Revaluation Account.
ii). Partners' Capital Accounts &
iii). Balance sheet of the new firm.

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To PDD on Drs	1,100	By Stock	2,000
To Partners' Capital A/c			
Gouri 450			
Ganesh 450			
[Profit - $900 \times \frac{1}{2}$]			
	<u>900</u>		
	2,000		2,000

Partners Capital A/c							
Particulars	Gouri	Ganesh	Shiva	Particulars	Gouri	Ganesh	Shiva
To Ganesh's Capital A/c	---	---	2,667	By Balance b/d	80,000	40,000	---
[goodwill]				By Cash			25,000
To Cash [b/f]	16,450	1,450	---	By Shiva's Capital A/c	---	2,667	---
To Balance c/d	67,000	44,667	22,333	[goodwill]			
[3:2:1]				By Revaluation A/c	450	450	---
				[Profit]			
				By General Reserve	3,000	3,000	---
				[6000*1:1/2]			
	83,450	46,117	25,000		83,450	46,117	25,000

Balance Sheet			
Liabilities	Amount	Assets	Amount
Creditors	20,000	Cash	7000
Bills payable	4,000	Add - Shiva's Capital	25000
Capital -		Less - Gouri's Capital	16450
Gouri	67000	Less - Ganesh's Capital	1450
Ganesh	44667	Stock	25000
Shiva	22333	Add - Appreciation	2000
	1,34,000	[25000*8/100]	
		Debtors	17000
		Less - PDD	1500
		Less - PDD	1100
		[increased to 2600]	
		Buildings	40,000
		Furniture	14,500
		Patents	30,000
		Plant and Machinery	18,000
	1,58,000		1,58,000

Working note	
Calculation of Sacrifice Ratio	Distribution of goodwill in Sacrifice ratio as per AS26
OPSR = Gouri : Ganesh = 1 : 1	Goodwill of the firm = 16,000
NPSR = Gouri : Ganesh : Shiva = 3 : 2 : 1	Shiva's Share = 16,000 * 1/6 = 2667
Sacrifice Ratio = OPSR - NPSR	Gouri's Capital = nil
$Gouri = \frac{1}{2} - \frac{3}{6} = 0$	Ganesh's Capital = 2667
$Ganesh = \frac{1}{2} - \frac{2}{6} = \frac{6-4}{12} = \frac{2}{12} = \frac{1}{6}$	

30. Radha, Sheela and Meena were in partnership sharing profits and losses in the proportion of 3:2:1. On April 1, 2020 Sheela retires from the firm and on that date, their Balance Sheet was as follows:

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
General Reserve	13,500	Stock	12,000
Capitals :		Factory Premises	22,500
Radha 15,000		Machinery	8,000
Sheela 15,000		Loose Tools	4,000
Meena <u>15,000</u>	45,000		
	70,500		70,500

The terms were:

- Goodwill of the firm was valued at ₹ 13,500 (as per AS26)
- Expenses owing to be brought down to ₹ 3,750.
- Machinery and Loose Tools are to be valued at 10% less than their book value.
- Factory premises are to be revalued at ₹ 24,300.

Prepare :

- Revaluation Account
- Partners' Capital Accounts and
- Balance Sheet of the firm after retirement of Sheela.

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To Machinery A/c	800	By Expenses owing	750
To Loose Tools A/c	400	By Factory Premises	1,800
By Partners' Capital Ac			
Radha 675			
Sheela 450			
Meena <u>225</u>			
[Profit - $1350 \times \frac{3}{6} : \frac{2}{6} : \frac{1}{6}$]			
	(b/f) <u>1,350</u>		
	2,550		2,550

Partners Capital A/c							
Particulars	Radha	Sheela	Meena	Particulars	Radha	Sheela	Meena
To Sheela's Capital A/c	3,375	---	1,125	By Balance b/d	15,000	15,000	15,000
[Goodwill]				By Radha's Capital A/c	---	3,375	---
To Sheela's Loan A/c	---	24,450	---	By Meenai's Capital A/c	---	1,125	---
To Balance c/d	19,050	---	16,350	[Goodwill]			
				By Revaluation A/c	675	450	225
				[Profit]			
				By General Reserve	6,750	4,500	2,250
				[$13500 \times \frac{3}{6} : \frac{2}{6} : \frac{1}{6}$]			
	22,425	24,450	17,475		22,425	24,450	17,475

New Balance Sheet			
Liabilities	Amount	Assets	Amount
Expenses Owing 4500		Machinery 8000	
Less - Reduced 750	3,750	Less - Depreciation <u>800</u>	7,200
Creditors	3,000	[8000*10/100=800]	
Bills Payable	4,500	Loose Tools 4000	
Sheela's Loan A/c	24,450	Less - Depreciation <u>400</u>	3,600
Capital		[4000*10/100=400]	
Radha 19050		Factory Premises 22500	
Meena <u>16350</u>	35,400	Add - Appreciation <u>1800</u>	24,300
		Cash in Hand	1,500
		Cash at Bank	7,500
		Debtors	15,000
		Stock	<u>12,000</u>
	<u>71,100</u>		<u>71,100</u>

Treatment of Goodwill as per AS26
Goodwill of the firm - $13500 \times \frac{2}{6}$
Sheela's share - $13500 \times \frac{2}{6} = 4500$
Distribution of goodwill in Gain ratio
OPSR taken as Gain ratio and NPSR is not given
Radha's Capital = $4500 \times \frac{3}{4} = 3375$
Meens's Capital = $4500 \times \frac{1}{4} = 1125$

31. Rashmi and Geetha are partners sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as on 31-3-2018 is as follows :

Balance Sheet as on 31. 3. 2020

Liabilities	₹	Assets	₹
Sundry Creditors	10,000	Cash at Bank	5,000
Bills payable	10,000,	Bills Receivable	10,000
Rashmi's Loan	5,000	Sundry Debtors	20,000
Reserve Fund	10,000	Stock	15,000
Capitals:		Machinery	15,000
Rashmi	30,000	Furniture	10,000
Geetha	40,000	Goodwill	30,000
	<u>1,05,000</u>		<u>1,05,000</u>

On the above date the firm was dissolved.

a) The assets were realised as follows

Bills Receivable ₹ 7,500, Sundry Debtors and Stock 10% less than the book value, Machinery realised 5% more than the book value, and Goodwill realized for ₹ 12,000.

b) Furniture was taken over by Geetha at ₹ 8,000.

c) Dissolution expenses were ₹ 600.

d) All the liabilities were discharged in full.

Prepare:

1. Realization A/c , 2. Partners' capital Accounts and 3. Bank A/c.

Realisation A/c					
Particulars		Amount	Particulars		Amount
To Bills Receivable		10,000	By Sundry Creditors		10,000
To Sundry Debtors		20,000	By Bills payable		10,000
To Stock		15,000	By Bank A/c -		
To Machinery		15,000	Bills Receivable	7,500	
To Furniture		10,000	Sundry Debtors	18,000	
To Goodwill		30,000	Stock	13,500	
To Bank A/c -			Machinery	15,750	
Sundry Creditors	10,000		Goodwill	<u>12,000</u>	66,750
Bills payable	<u>10,000</u>	20,000	By Geetha's Capital A/c		8,000
To Bank A/c -			By Partners' Capital A/c		
Dissolution expenses		600	Rashmi	15,510	
			Geetha	<u>10,340</u>	
			[Loss - 25850*3/5:2/5]		
				(b/f)	<u>25,850</u>
		<u>1,20,600</u>			<u>1,20,600</u>

Partners' Capital A/c					
Particulars	Rashmi	Geetha	Particulars	Rashmi	Geetha
To Realisation A/c	----	8,000	By Balance b/d	30,000	40,000
[Furniture]			By Reserve Fund	6,000	4,000
To Realisation A/c	15,510	10,340	[10000*3/5:2/5]		
[Loss]					
To Bank A/c	<u>20,490</u>	<u>25,660</u>			
	<u>36,000</u>	<u>44,000</u>		<u>36,000</u>	<u>44,000</u>

Bank A/c			
Particulars	Amount	Particulars	Amount
To Balance b/d	5,000	By Realisation A/c	20,000
To Realisation A/c	66,750	[Liabilities paid]	
[Assets realized]		By Realisation A/c	600
		[Dissolution expenses]	
		By Rashmi's Loan	5,000
		By Rashmi's Capital	20,490
		By Geetha's Capital	<u>25,660</u>
	<u>71,750</u>		<u>71,750</u>

32. Sun India Ltd. issued 20,000 Equity Shares of ₹ 100 each at premium of ₹ 10 each. The amount payable was as follows:

₹ 20 on application ₹ 50 on allotment (including premium) ₹ 40 on first and final call

All the shares were subscribed and money duly received except the first and final call on 1,000 shares. The Directors forfeited these shares and re-issued them as fully paid at ₹ 90 per share.

Journal Entries in the books of Sun India Ltd.				
Date	Particulars	LF	Debit (₹)	Credit (₹)
1	Bank A/c (20,000*20) Dr To Share Application A/c [Being Application money received]		4,00,000	4,00,000
2	Share Application A/c Dr To Share Capital A/c [Being application money transferred]		4,00,000	4,00,000
3	Share Allotment A/c (20,000*50) Dr To Share Capital A/c (20,000*40) To Share Premium A/c (20,000*10) [Being allotment made]		10,00,000	8,00,000 2,00,000
4	Bank A/c Dr To Share Allotment A/c [Being Allotment money received]		10,00,000	10,00,000
5	Share first and final call A/c (20,000*40) Dr To Share Capital A/c [Being first and final call made]		8,00,000	8,00,000
6	Bank A/c Dr Calls in arrears A/c (1000*40) Dr To Share first and final call A/c [Being Share first and final call A/c money received]		7,60,000 40,000	8,00,000
7	Share Capital A/c (1000*100) Dr To Calls in arrears A/c To Forfeited shares A/c [Being shares forfeited]		1,00,000	40,000 60,000
8	Bank A/c (1000*90) Dr Forfeited shares A/c (1000*10) Dr To Share Capital A/c [Being Forfeited shares reissued]		90,000 10,000	1,00,000
9	Forfeited shares A/c (60,000-10,000) Dr To Capital Reserve A/c [Being Forfeited shares transferred to capital reserve]		50,000	50,000

Section – E

(Practical Oriented Questions)

Answer any TWO questions, each question carries FIVE marks.

02×05=10

33. How do you treat the followings in the absence of Partnership Deed?

- a) Profit Sharing Ratio - Equal share
- b) Interest on Capital - No interest on capital
- c) Interest on Drawing - No interest on drawings
- d) Interest on Advances from Partners - 6%
- e) Partner Salary - No Salary or commission

34. Write two Partners' Capital Accounts under Fluctuating Capital System with 5 imaginary figures.

Partners' Capital A/c					
Particulars	A	B	Particulars	A	B
To Drawings	10,000	8,000	By Balance b/d	1,00,000	80,000
To Interest on drawings	1,000	800	By Interest on Capital	10,000	8,000
To P/L A/c	2,000	3,000	To Commission	2,000	-----
To Balance C/d	<u>99,000</u>	<u>79,200</u>	To Salary	-----	3,000
	<u>1,12,000</u>	<u>91,000</u>		<u>1,12,000</u>	<u>91,000</u>

35. Write the pro-forma of a Balance Sheet of a Company with main heads only.

Balance Sheet of _____ Company as at _____		
Particulars	Note No	Amount
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital		XXX
(b) Reserves and surplus		XXX
(c) Money received against share warrants		XXX
(2) Share application money pending allotment		XXX
(3) Non-current liabilities		
(a) Long-term borrowings		XXX
(b) Deferred tax liabilities (Net)		XXX
(c) Other Long term liabilities		XXX
(d) Long-term provisions		XXX
(4) Current liabilities		
(a) Short-term borrowings		XXX
(b) Trade payables		XXX
(c) Other current liabilities		XXX
(d) Short-term provisions		XXX
TOTAL		XXX
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		XXX
(b) Non-current investments		XXX
(c) Deferred tax assets (net)		XXX
(d) Long-term loans and advances		XXX
(e) Other non-current assets		XXX
(2) Current assets		
(a) Current investments		XXX
(b) Inventories		XXX
(c) Trade receivables		XXX
(d) Cash and cash equivalents		XXX
(e) Short-term loans and advances		XXX
(f) Other current assets		XXX
TOTAL		XXX

MODEL QUESTION PAPER-II
2020-21 for reduced syllabus
SECOND YEAR P.U.C - ACCOUNTANCY

Time: 3 Hours 15 Minutes

Max Marks: 100

Instructions:

1. All the sub questions of Section-A should be answered continuously at one place.
2. Provide working notes wherever necessary.
3. 15 minutes extra has been allotted for candidates to read the questions.
4. Figures in the right hand margin indicate full marks.

Section –A

Answer any Eight questions, each question carries ONE mark.

08×01=08

1. Not-For-Profit Organisations are used for the welfare of the Society
2. Partnership deeds contains,
a) Name of firm b) Name and address of the partners
c) P/L sharing ratio d) **All of the above**
3. Name any one method of maintaining capital accounts of partners.
Fixed Capital method Fluctuating Capital method
4. Expand SR. **Sacrifice Ratio**
5. What do you mean by retirement of a partner?
Retirement of a partner means a partner leaving the firm due to old age, illness etc.
6. Deceased partner's claim is transferred to his Executor's Account (State T/F). **True**
7. Issued capital is part of
a) Reserve capital b) Unissued capital c) **Authorised capital** d) None of the above
8. State the meaning of under subscription.
Under subscription means public applying for less shares than issued by company.
9. Share capital appears under the head Share holders' fund.
10. Give an example for non-current liabilities. **Creditors, Bills payable.**

Section –B

Answer any FIVE questions, each question carries TWO marks.

05×02=10

11. State any two features of partnership.
i. There must be two or more persons
ii. Partners must enter into an Agreement, which can be written or oral
iii. Partnership should be formed for carrying on legal business
12. What is fluctuating capital method?
Fluctuating capital method is a method under which the capital of partners change as all the adjustment relating to partners' capital are entered in capital account.
13. Give the meaning of Dissolution of a Partnership Firm.
It means complete closing of business of partnership firm.
14. State any two circumstances under which a Partnership Firm is dissolved.
i. On completion of business, ii. On completion of time, iii. On death of all partners.
15. Give the meaning of calls in arrears.
Calls in arrears mean call on shares made by company but call money not paid by shareholders.
16. State any two categories of share capital.
i. Equity share capital ii. Preference share capital
17. State any two benefits of financial statements.
i. It helps to know profit or loss made in business
ii. It helps to know the financial position.
18. Mention any two items which are shown under the head 'Reserves and Surplus'.
Capital Reserve, Profit & loss account, General Reserve, Reserve Fund

Section –C

Answer any FOUR questions, each question carries SIX marks.

04×06=24

19. Sachin and Pratham commenced business in partnership with capital of ₹ 1,00,000 and ₹ 80,000 respectively on 01.04.2018 agreeing to share profits and losses in the ratio of 3:2. For the year ending 31.03.2019 they earned the profits of ₹ 36,000 before allowing:

- i) Interest on capital at 5% p.a.
- ii) Interest on drawings, Sachin ₹ 600 and Pratham ₹ 1,000
- iii) Yearly salary of Pratham ₹ 10,000
- iv) Their drawings during the year Sachin ₹ 16,000 and Pratham ₹ 20,000.

Prepare profit and loss appropriation account.

P & L Appropriation A/c			
Particulars	Amount	Particulars	Amount
To Interest on Capital		By Net profit	36,000
Sachin - $1,00,000 \times 5/100$	5,000	By Interest on drawings	
Pratham - $80,000 \times 5/100$	4,000	Sachin	600
To Salary - Pratham	10,000	Pratham	1,000
To Partners Capital A/c			
Sachin - 11160			
Pratham - 7440			
[Profit - $18600 \times 3/5:2/5$]	18,600		6,200
	37,600		37,600

20. Sahana and Saniya are partners in firm. Sahana's drawings for the year 2019-20 are given as under:

- ₹ 4,000 on 01.06.2019
- ₹ 6,000 on 30.09.2019
- ₹ 2,000 on 30.11.2019
- ₹ 3,000 on 01.01.2020

Calculate interest on Sahana's drawings at 8% p.a. for the year ending on 31.03.2020, under product method.

Calculation of interest on drawings of Sahana under Product Method year ended on 31st March 2020				
Date	Amount	Period	Product	
01.06.2019	4,000	10	40,000	6,7,8,9,10,11,12,1,2,3
30.09.2019	6,000	6	36,000	10,11,12,1,2,3
30.11.2019	2,000	4	8,000	12,1,2,3
01.01.2020	3,000	3	9,000	1,2,3
			93,000	
Interest on drawings = Total product $\times \frac{\text{Rate of interest}}{100} \times \frac{1}{12}$ $= 93,000 \times \frac{8}{100} \times \frac{1}{12} = 620$ Interest on drawings = Rs. 620				

21. Vani, Rani and Soni are partners in a firm sharing profits and losses in the ratio of 4:3:2. Soni retires from the firm. Vani and Rani agreed to share equally in future. Calculate gain ratio of Vani and Rani.

$$\text{OPSR} = \text{Vani} : \text{Rani} : \text{Soni} = \frac{4}{9} : \frac{3}{9} : \frac{2}{9}$$

$$\text{NPSR} = \text{Vani} : \text{Rani} = \frac{1}{2} : \frac{1}{2}$$

$$\text{Gain Ratio} = \text{NPSR} - \text{OPSR}$$

$$\text{Vani} = \frac{1}{2} - \frac{4}{9} = \frac{9-8}{18} = \frac{1}{18}$$

$$\text{Rani} = \frac{1}{2} - \frac{3}{9} = \frac{9-6}{18} = \frac{3}{18}$$

$$\text{Gain Ratio} = \text{Vani} : \text{Rani} = \mathbf{1:3}$$

22. . Raju,Ravi and Roopa are partners sharing profit and losses in the ratio of 4:3:3. Their capital balances on 01.04.2019 stood ₹ 1,00,000, ₹ 80,000 and ₹ 50,000respectively.

Raju died on 01.10.2019. The partnerships deed provides the followings:

- Interest on capital at 12% p.a.
- He had withdrawn ₹ 5, 000 up to date of death.
- Raju's share of good will ₹ 5, 000 (as per AS26)
- His share of profit up to the date of death on the basis of previous year profits. Previous year profits ₹ 20,000.

Prepare Raju's executors account.

Raju's Executors A/c			
Particulars	Amount	Particulars	Amount
To Drawings	5,000	By Capital A/c	1,00,000
To Balance c/d (b/f)	1,10,000	By Interest on Capital	6,000
		[100000*12/100*6/12]	
		By Ravi's Capital A/c	2,500
		By Roopa's Capital A/c	2,500
		By Profit and Loss Suspense A/c	4,000
		[20000*6/12*4/10]	
	1,15,000		1,15,000

23. ABC Company Ltd., issued 20,000 Equity shares of ₹ 10 each. The amount payable is as follows.

On application ₹ 2

On allotment ₹ 3

On first and on final call ₹ 5

All shares were subscribed. Give the necessary journal entries up to the stage of first and final call money received.

Journal Entries in the books of ABC Company Ltd.				
Date	Particulars	LF	Debit (₹)	Credit (₹)
1	Bank A/c (20,000*2) Dr To Share Application A/c [Being Application money received]		40,000	40,000
2	Share Application A/c Dr To Share Capital A/c [Being application money transferred]		40,000	40,000
3	Share Allotment A/c (20,000*3) Dr To Share Capital A/c [Being allotment made]		60,000	60,000
4	Bank A/c Dr To Share Allotment A/c [Being Allotment money received]		60,000	60,000
5	Share first and final call A/c (20,000*5) Dr To Share Capital A/c [Being first and final call made]		1,00,000	1,00,000
6	Bank A/c Dr To Share first and final call A/c [Being Share first and final call A/c money received]		1,00,000	1,00,000

24. From the following information prepare statement of profit and loss for the year ended 31-03-2020 as per Schedule III of Companies Act, 2013.

Particulars	₹
Revenue from operations	5,00,000
Purchase of goods	3,00,000
Salaries to employees	40,000
Leave encashment	10,000
Rent and taxes	30,000
Repairs to machinery	20,000
Tax	30%

Statement of profit and loss for the year ended 31-03-2020		
Particulars	Note No	Amount
I. Revenue from operations		5,00,000
Other Income		————
Total Income [A]		<u>5,00,000</u>
II. Expenses		
Cost of materials consumed		
Purchases of Stock		3,00,000
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
Employee benefits expense	1	50,000
Finance costs		
Depreciation and amortization expense		
Other expenses	2	50,000
Total expenses [B]		<u>4,00,000</u>
Profit before tax [A-B]		1,00,000
Less tax		<u>30,000</u>
Profit after tax		<u>70,000</u>
Working Note 1		
<u>Employee benefits expense</u>		
Salaries to employees	40,000	
Leave encashment	10,000	50,000
Working Note 2		
<u>Other expenses</u>		
Rent and taxes	30,000	
Repairs to machinery	20,000	50,000

25. From the following details you are required to prepare balance sheet for the year ended 31-03-2020 as per Schedule III of Companies Act, 2013.

Particulars	₹
Inventories	7,00,000
Equity Share Capital	16,00,000
Plant and Machinery	8,00,000
Preference Share Capital	6,00,000
General Reserve	6,00,000
Creditors	3,50,000
Provision for taxation	2,50,000
Land and Building	26,00,000
Cash at Bank	5,00,000
12% Debentures	12,00,000

Balance Sheet as at 31/03/2020		
Particulars	Note No	Amount
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	1	22,00,000
(b) Reserves and surplus (General Reserve)		6,00,000
(c) Money received against share warrants		
(2) Share application money pending allotment		
(3) Non-current liabilities		
(a) Long-term borrowings 12% Debentures		12,00,000
(4) Current liabilities		
(b) Trade payables (Creditors)		3,50,000
(d) Short-term provisions (Provision for Tax)		2,50,000
TOTAL		46,00,000
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	2	34,00,000
(ii) Intangible assets		
(2) Current assets		
(b) Inventories		7,00,000
(d) Cash and cash equivalents		5,00,000
TOTAL		46,00,000
Working Note 1		
<u>(a) Share capital</u>		
Equity Share Capital	16,00,000	
Preference Share Capital	6,00,000	22,00,000
Working Note 2		
<u>(i) Tangible assets</u>		
Land and Building	26,00,000	
Plant and Machinery	8,00,000	34,00,000

Section -D

Answer any FOUR questions, each question carries TWELVE marks.

04×12=48

26. Following are the Balance Sheet and Receipts and Payments Account of Hassan Sports Club, Hassan.

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Capital fund	61,000	Buildings	64,000
Subscription for 2017-18	1,000	O/S Subscriptions	1,600
O/S Office expenses	4,000	O/S Rent	400
Bank loan	20,000	Furniture	12,000
		Cash in Hand	8,000
	86,000		86,000

Dr. Receipt and Payment A/C for the year ending 31-03 2018 Cr.

Receipts	₹	Payments	₹
To Balance b/d	8,000	By Office Expenses:	
To Subscriptions:		2016-17	4,000
2016-17	1,600	2017-18	6,000
2017-18	17,600	By Subscription to Newspapers	
2018-19	2,800	& Journals	2,000
To Entrance Fees	4,000	By Refreshment Expenses	4,000
To Rent	4,000	By Investments	10,000
To Income from Drama	6,000	By Bank Loan	8,000
To Sale of newspapers	400	By Salary	4,400
		By Balance c/d	6,000
	44,000		44,000

Adjustments:

- Subscriptions outstanding ₹ 1,000,
- Salary outstanding ₹ 400,
- Interest payable ₹ 2,400,
- Depreciation on Building ₹ 5,000
- Entrance Fees is to be Capitalised.

Prepare:

- Income and Expenditure Account and
- Balance Sheet as on 31-03-2018.

Hassan Sports Club, Hassan					
Income and Expenditure Account for the year ended 31.03.2018					
Expenditure		Amount	Income		Amount
To Office Expenses:		6,000	By Subscriptions (17-18)	17,600	
To Subscription to Newspapers & Journals		2,000	Add-O/S Subscriptions (17-18)	1,000	
To Refreshment Expenses		4,000	Add-Advance Subscriptions (old B/S)	<u>1,000</u>	19,600
To Salary	4,400		By Rent	4,000	
Add-O/S Salary (17-8)	<u>400</u>	4,800	Less-O/S Rent (old B/S)	400	4,400
To Depreciation on Buildings		5,000	By Sale of old news paper		400
To Surplus		<u>5,400</u>	By Income from Drama		<u>6,000</u>
		<u>29,600</u>			<u>29,600</u>

Balance Sheet as on 31.03.2018					
Liabilities		Amount	Assets		Amount
Capital Fund -			Buildings	64,000	
Opening balance	61,000		Less-Depreciation	<u>5,000</u>	59,000
Add - Entrance fee	4,000		Furniture		12,000
Add - Surplus	<u>5,400</u>	70,400	Investment		10,000
Bank Loan	20,000		Cash Balance		6,000
Less-Repaid	<u>8,000</u>	12,000	O/S Subscriptions (17-18)		1,000
Advance Subscriptions (18-19)		2,800			
O/S Salary		400			
O/S Interest		<u>2,400</u>			
		<u>88,000</u>			<u>88,000</u>

27. Receipt and Payment Account of Shankar Sports Club is given below, for the year ended March 31, 2018

Dr . Receipt and Payment A/C for the year ending 31-03-2018 Cr.

Receipts	₹	Payments	₹
To Cash in Hand	2,600	By Rent	18,000
To Entrance fees	3,200	By Wages	7,000
To Donation for Building	23,000	By Billiard table	14,000
To Locker Rent	1,200	By Furniture	10,000
To Life Membership fee	7,000	By Interest	2,000
To profit from entertainment	3,000	By Postage	1,000
To Subscription	40,000	By Salary	24,000
		By Cash in hand	4,000
	80,000		80,000

Prepare Income and Expenditure Account and Balance Sheet With the help of following Information: Subscription outstanding on March 31, 2017 is ₹ 1,200 and ₹ 2,300 on March 31, 2018, opening stock of postage stamps is ₹ 300 and closing stock is ₹ 200, Rent ₹ 1,500 related to 2016-17 and ₹ 1,500 is still unpaid.

On April 1, 2017 the club owned Furniture ₹ 15,000, Furniture valued at ₹ 22,500 on March 31, 2018. The club took a loan of ₹ 20,000 (@10 p. a) 2016-17.

Shankar Sports Club			
Opening Balance sheet as on 01.04.2017			
Liabilities	Amount	Assets	Amount
Outstanding Rent	1,500	Cash on hand	2,600
Loan	20,000	Outstanding subscription	1,200
		Postage stamp	300
		Furniture	5,000
		Capital fund (deficit)	2,400
	21,500		21,500

Sree Sports Club, Bengaluru.					
Income and Expenditure Account for the year ended 31.03.2018					
Expenditure	Amount	Amount	Income	Amount	Amount
To Salary	10,000		By Subscriptions	38,000	
Less-O/S Salary (17-18)	<u>2,000</u>	8,000	Add-O/S Subscriptions (18-19)	3,000	
To Postage		300	Less-O/S Subscriptions (17-18)	1,200	
To General Expenses		400	Less-Advance Subscriptions (19-20)	<u>1,000</u>	38,800
To Lighting Charges	1,300		By Sale of old newspapers		200
Add-O/S Lighting charges (18-19)	<u>300</u>	1,600	By Sale of old Sports Materials		1,200
To Depreciation- Sports materials		5,000	By Rent		7,000
To Surplus (b/f)		<u>31,900</u>			
		47,200			47,200

Balance Sheet as on 31.03.2019					
Liabilities		Amount	Assets		Amount
Capital Fund -			Cash Balance		7,700
Opening balance	32500		Sports Materials		16000
Add - Entrance fee	2000		Add-Purchases		6000
Add - Surplus	<u>31900</u>	66,400	Less-Depreciation		<u>5000</u> 17,000
O/S Light Charges		300	Furniture		10,000
Advance Subscriptions (19-20)		1,000	Investment		20,000
			Fixed Deposits		10,000
			O/S Subscriptions (18-19)		3,000
		67,700			67,700

28. Rajesh and Rakesh are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31.03.2020 stood as follows.

Balance Sheet as on 31.03.2020

Liabilities	₹	Assets	₹
Creditors	41,500	Cash at Bank	22,500
General Reserve	4,000	Bills Receivable	3,000
Capital Accounts:		Debtors 18,000	
Rajesh	30,000	Less: PDD 1,000	17,000
Rakesh	16,000	Stock	20,000
		Buildings	25,000
		Machinery	4,000
	91,500		91,500

On 01.04.2020 they admitted Shyam as partner and offered him 1/5th share in the future profits on the following terms.

- He has to bring in ₹ 10,000 as his capital and ₹ 5,000 towards Goodwill.
- Goodwill treatment as per AS26.**
- Appreciate buildings by 20%.
- Maintain at 5% PDD on debtors.
- Provide for outstanding repair bills ₹ 1,000.

Prepare: i) Revaluation Account ii) Partners' Capital Account. iii) New Balance sheet of the firm

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To Outstanding repair bills	1,000	By Buildings	5,000
To Partners' Capital A/c		By PDD on Drs	100
Rajesh 2460			
Rakesh 1640			
[Profit - $4100 \times \frac{3}{5} : \frac{2}{5}$]			
	(b/f) <u>4,100</u>		
	<u>5,100</u>		<u>5,100</u>

Partners Capital A/c							
Particulars	Rajesh	Rakesh	Shyam	Particulars	Rajesh	Rakesh	Shyam
To Rajesh's Capital A/c	----	----	3,000	By Balance b/d	30,000	16,000	----
To Rakesh's Capital A/c	----	----	2,000	By Cash	----	----	15,000
[goodwill]				By Shyam's Capital A/c	3,000	2,000	----
				[goodwill]			
To Balance c/d	37,860	21,240	10,000	By General Reserve	2,400	1,600	----
Monteair				[4000*3/5:2/5]			
				By Revaluation A/c	2,460	1,640	----
				[Profit]			
	<u>37,860</u>	<u>21,240</u>	<u>15,000</u>		<u>37,860</u>	<u>21,240</u>	<u>15,000</u>

Balance Sheet			
Liabilities	Amount	Assets	Amount
Creditors	41,500	Cash	22500
Outstanding repair bills	1,000	Add - Shyam's Capital	15000
Capital -		Buildings	25000
Rajesh	37,860	Add - Appreciation	5000
Rakesh	21,240	[25000*20/100]	
Shyam	10,000	Debtors	18000
		Less: PDD	1,000
		Add: PDD	100
			17,100
		[18000*5/100= 900]	
		Bills Receivable	3,000
		Stock	20,000
		Machinery	4,000
	<u>1,11,600</u>		<u>1,11,600</u>

Treatment of Goodwill as per AS26
Goodwill brought in cash, Shyam's share - 5,000
Distribution of goodwill in Sacrifice ratio
OPSR taken as Sacrifice ratio and NPSR is not given
Rajesh's Capital = 5000*3/5 = 3,000
Rakesh's Capital = 5000*2/5 = 2,000

29. Mahendra and Surendra are equal partners in a firm. Their balance sheet as on 31.03.2020 stood as follows.

Balance Sheet as on 31.03.2020

Liabilities	₹	Assets	₹
Creditors	40,000	Stock	39,000
Bank Loan	8,000	Debtors	32,000
		Less: PDD	1,000
Capitals:		Land & Buildings	40,000
Mahendra	80,000	Machinery	36,000
Surendra	40,000	Motor Car	8,000
	120,000	Cash at Bank	14,000
	<u>168,000</u>		<u>168,000</u>

On 01.04.2020 Chandra is admitted into partnership for 1/6th share in profits on the following terms.

- Chandra brings ₹ 26,000 as capital.
- Goodwill of the firm is valued at ₹ 14,000 (as per AS26)
- Motor car and machinery are to be depreciated by 20% and ₹ 3,800 respectively.
- Provision for doubtful debts is to be maintained at 10%.
- The Capital accounts of all the partners be adjusted in their new profit sharing ratio 3:2:1 based on Chandra's capital (Adjustments to be made in cash)

Prepare:

- Revaluation Account
- Partners' Capital Account.
- New Balance sheet of the firm.

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To Motorcar	1,600	By Partners' Capital A/c	
To Machinery	3,800	Rajesh	3800
To PDD	2,200	Rakesh	<u>3800</u>
		[Profit - 7600*1/2:1/2]	
			(b/f) 7,600
	7,600		7,600

Partners Capital A/c							
Particulars	Mahendra	Surendra	Chandra	Particulars	Mahendra	Surendra	Chandra
To Surendra's Capital A/c	----	----	2,333	By Balance b/d	80,000	40,000	----
[goodwill]				By Bank A/c	----	----	26,000
To Revaluation A/c	3,800	3,800	----	By Chandra's Capital A/c	----	2,333	----
[Loss]				[goodwill]			
To Bank A/c	5,200	----	----	By Bank A/c	----	8,800	----
To Balance c/d	71,000	47,333	23,667				
[3:2:1]							
	80,000	51,133	26,000		80,000	51,133	26,000

Balance Sheet			
Liabilities	Amount	Assets	Amount
Creditors	40,000	Bank	14000
Bank Loan	8,000	Add - Chandra's Capital	26000
Capital -		Add - Surendra's Capital	8800
Mahendra	71,000	Less - Mahendra's Capital	<u>5200</u>
Surendra	47,333	Motor Car	8000
Chandra	23,667	Less - Depreciation	<u>1600</u>
		[8000*20/100]	6,400
		Machinery	36000
		Less - Depreciation	<u>3800</u>
		Debtors	32,000
		Less: PDD	1,000
		Less: PDD	<u>2200</u>
			28,800
		[32000*10/100=3200]	
		Stock	39,000
		Land & Buildings	<u>40,000</u>
	1,90,000		1,90,000

Working note	
Calculation of Sacrifice Ratio	Distribution of goodwill in Sacrifice ratio as per AS26
OPSR = Mahendra : Surendra = 1 : 1	Goodwill of the firm = 14,000
NPSR = Mahendra : Surendra : Chandra = 3 : 2 : 1	Chandra's Share = 14,000 * 1/6 = 2333
Sacrifice Ratio = OPSR - NPSR	Mahendra's Capital = nil
Mahendra = $\frac{1}{2} - \frac{3}{6} = 0$	Surendra's Capital = 2333
Surendra = $\frac{1}{2} - \frac{2}{6} = \frac{6-4}{12} = \frac{2}{12} = \frac{1}{6}$	

30. Radha, Sheela and Meena were in partnership sharing profits and losses in the proportion of 3:2:1. On April 1, 2020, Sheela retires from the firm and on that date, their Balance Sheet was as follows:

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
General Reserve		13,500	Stock		12,000
Capitals :			Factory Premises		22,500
Radha	15,000		Machinery		8,000
Sheela	15,000		Losse Tools		
Meena	<u>15,000</u>				
		70,500			70,500

The terms were :

- Goodwill of the firm was valued at ₹ 13,000.(as per AS26)
- Expenses owing to be brought down to ₹ 3,750.
- Machinery and Loose Tools are to be valued at 10% less than their book value.
- Factory premises are to be revalued at ₹ 24,300.

Prepare: 1) Revaluation account 2) Partner's capital accounts
3) Balance sheet of the firm after retirement of Sheela.

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To Machinery A/c	800	By Expenses owing	750
To Loose Tools A/c	400	By Factory Premises	1,800
By Partners' Capital Ac			
Radha	675		
Sheela	450		
Meena	<u>225</u>		
[Profit - 1350*3/6:2/6:1/6]			
	(b/f)	<u>1,350</u>	
		2,550	2550

Partners Capital A/c							
Particulars	Radha	Sheela	Meena	Particulars	Radha	Sheela	Meena
To Sheela's Capital A/c	3,375	---	1,125	By Balance b/d	15,000	15,000	15,000
[Goodwill]				By Radha's Capital A/c	---	3,375	---

To Sheela's Loan A/c	---	24,450	---	By Meenai's Capital A/c	---	1,125	---
To Balance c/d	19,050	---	16,350	[Goodwill]			
				By Revaluation A/c	675	450	225
				[Profit]			
				By General Reserve	6,750	4,500	2,250
				[13500*3/6:2/6:1/6]			
	22,425	24,450	17,475		22,425	24,450	17,475

New Balance Sheet			
Liabilities	Amount	Assets	Amount
Expenses Owing 4500		Machinery 8000	
Less - Reduced 750	3,750	Less - Depreciation <u>800</u>	7,200
Creditors	3,000	[8000*10/100=800]	
Bills Payable	4,500	Loose Tools 4000	
Sheela's Loan A/c	24,450	Less - Depreciation <u>400</u>	3,600
Capital		[4000*10/100=400]	
Radha 19050		Factory Premises 22500	
Meena <u>16350</u>	35,400	Add - Appreciation <u>1800</u>	24,300
		Cash in Hand	1,500
		Cash at Bank	7,500
		Debtors	15,000
		Stock	<u>12,000</u>
	71,100		71,100

Treatment of Goodwill as per AS26
Goodwill of the firm - 13500*2/6
Sheela's share - 13500*2/6 = 4500
Distribution of goodwill in Gain ratio
OPSR taken as Gain ratio and NPSR is not given
Radha's Capital = 4500*3/4 = 3375
Meens's Capital = 4500*1/4 = 1125

31. Shruti, Shilpa and Shreya were partners in a firm, sharing profits and losses in the ratio of 2 : 2 : 1. They decided to dissolve the firm. Their Balance Sheet on the date of dissolution was as follows :

Balance Sheet as on 31. 3. 2020

Liabilities	₹	Assets	₹
Creditors	30,000	Cash at Bank	6,000
Bills payable	20,000	Debtors	30,000
Shreya's Loan	8,000	Stock	30,000
General Reserve	10,000	Furniture	22,000
Capitals:		Machinery	20,000
Shruti,	40,000	Buildings	50,000
Shilpa	30,000		
Shreya	20,000		
	1,58,000		1,58,000

The assets realised as follows :

- a) Debtors realised 10% less than the book value, the Stock realised 15% more than the book value, Building realised ₹ 60,000.

- b) The Furniture was taken over by Shruti at ₹ 20,000.
 c) The Machinery was taken over by Shilpa at ₹ 15,000.
 d) Creditors and Bills Payable were paid off at a discount of 5%.
 e) Cost of dissolution amounted to ₹ 1,500.

Prepare :

- i) Realisation Account ii) Partner's Capital Accounts iii) Bank Account.

Realisation A/c					
Particulars		Amount	Particulars		Amount
To Debtors		30,000	By Creditors		30,000
To Stock		30,000	By Bills payable		20,000
To Furniture		22,000	By Bank A/c -		
To Machinery		20,000	Debtors	27000	
To Buildings		50,000	Stock	34500	
To Bank A/c -			Buildings	60000	12,1,500
Creditors	28,500		By Shruthi's Capital A/c		
Bills payable	19000	47,500	Furniture		20,000
To Bank A/c -			By Shilpa's Capital A/c		
Dissolution expenses		1,500	Machinery		15,000
By Partners' Capital A/c					
Shruthi 2200					
Shilpa 2200					
Shreya 1100					
[Loss - $5500 \times \frac{2}{5} : \frac{2}{5} : \frac{1}{5}$] (b/f)		<u>5,500</u>			
		2,06,500			2,06,500

Partners' Capital A/c							
Particulars	Shruti	Shilpa	Shreya	Particulars	Shruti	Shilpa	Shreya
To Realisation A/c	20,000			By Balance b/d	40,000	30,000	20,000
[Furniture]				By Reserve Fund	4,000	4,000	2,000
To Realisation A/c		15,000		[$10000 \times \frac{2}{5} : \frac{2}{5} : \frac{1}{5}$]			
[Machinery]				To Realisation A/c	2,200	2,200	1,100
To Bank A/c	26,200	21,200	23,100	[Profit]			
	46,200	36,200	23,100		46,200	36,200	23,100

Bank A/c			
Particulars	Amount	Particulars	Amount
To Balance b/d	6,000	By Realisation A/c	47,500
To Realisation A/c	1,21,500	[Liabilities paid]	
[Assets realised]		By Realisation A/c	1,500
		[Dissolution expenses]	
		By Shreya's Loan	8,000
		By Shruthi's Capital	26,200
		By Shilpa's Capital	21,200
		By Shreya's Capital	<u>23,100</u>
	1,27,500		1,27,500

32. XYZ Co. Ltd. issued 30,000 equity shares of ₹ 10 each at a premium of ₹ 1 per share to the public, payable as follows :
- ₹ 2 on application
 - ₹ 5 on allotment (including premium)
 - ₹ 4 on first call and final call

All the shares subscribed and the money duly received except the first and final call on 2000 shares. The directors forfeited these shares and re-issued them as fully paid up at ₹ 8 per share. Pass the necessary Journal entries.

Journal Entries in the books of XYZ Co Ltd.				
Date	Particulars	LF	Debit (₹)	Credit (₹)
1	Bank A/c (30,000*2) Dr To Share Application A/c [Being Application money received]		60,000	60,000
2	Share Application A/c Dr To Share Capital A/c [Being application money transferred]		60,000	60,000
3	Share Allotment A/c (30,000*5) Dr To Share Capital A/c (30,000*4) To Share Premium A/c (30,000*1) [Being allotment made]		1,50,000	1,20,000 30,000
4	Bank A/c Dr To Share Allotment A/c [Being Allotment money received]		1,50,000	1,50,000
5	Share first and final call A/c (30,000*4) Dr To Share Capital A/c [Being first and final call made]		1,20,000	1,20,000
6	Bank A/c Dr Calls in arrears A/c (2000*4) Dr To Share first and final call A/c [Being Share first and final call A/c money received]		1,12,000 8,000	1,20,000
7	Share Capital A/c (2000*10) Dr To Calls in arrears A/c To Forfeited shares A/c [Being shares forfeited]		20,000	8,000 12,000
8	Bank A/c (2000*8) Dr Forfeited shares A/c (2000*2) Dr To Share Capital A/c [Being Forfeited shares reissued]		16,000 4,000	20,000
9	Forfeited shares A/c (12,000-4,000) Dr To Capital Reserve A/c [Being Forfeited shares transferred to capital reserve]		8,000	8,000

Section –E

(Practical Oriented Questions)

Answer any TWO questions, each question carries FIVE marks. 02×05=10

33. Write two Partners Current Account under Fixed Capital System with 5 imaginary figures.

Partners' Capital A/c

Particulars	A	B	Particulars	A	B
To Drawings	10,000	8,000	By Balance b/d	1,00,000	80,000
To Interest on drawings	1,000	800	By Interest on Capital	10,000	8,000
To P/L A/c	2,000	3,000	To Commission	2,000	-----
To Balance C/d	<u>99,000</u>	<u>79,200</u>	To Salary	-----	<u>3,000</u>
	<u>1,12,000</u>	<u>91,000</u>		<u>1,12,000</u>	<u>91,000</u>

34. Give the disclosure requirements pertaining to Share Capital in Notes to Accounts of Balance Sheet of a Company with imaginary figures.

Note - 1, Share Capital	
Particulars	Amount
Authorised Capital [1,00,000 Equity shares of Rs. 10 each]	10,00,000
Issued Capital [80,000 Equity shares of Rs. 10 each]	8,00,000
Subscribed Capital [70,000 Equity shares of Rs. 10 each]	7,00,000
Called up Capital [70,000 Equity shares of Rs. 10 each Rs, 8 called up]	5,60,000
Less - Calls in arrears	<u>5,000</u>
Paid up Capital	<u>5,55,000</u>

35. Write the proforma of a Balance Sheet of a Company with main heads only.

Balance Sheet of _____ Company as at _____		
Particulars	Note No	Amount
I. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital		XXX
(b) Reserves and surplus		XXX
(c) Money received against share warrants		XXX
(2) Share application money pending allotment		XXX
(3) Non-current liabilities		
(a) Long-term borrowings		XXX
(b) Deferred tax liabilities (Net)		XXX
(c) Other Long term liabilities		XXX
(d) Long-term provisions		XXX
(4) Current liabilities		
(a) Short-term borrowings		XXX
(b) Trade payables		XXX
(c) Other current liabilities		XXX
(d) Short-term provisions		XXX
TOTAL		XXX
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		XXX
(b) Non-current investments		XXX
(c) Deferred tax assets (net)		XXX
(d) Long-term loans and advances		XXX
(e) Other non-current assets		XXX
(2) Current assets		
(a) Current investments		XXX
(b) Inventories		XXX
(c) Trade receivables		XXX
(d) Cash and cash equivalents		XXX
(e) Short-term loans and advances		XXX
(f) Other current assets		XXX
TOTAL		XXX