

NATIONAL BOARD OF SCHOOL EDUCATION

SAMPLE QUESTION PAPER IN

ACCOUNTANCY

Time: Three Hours

Maximum Marks: 100

Note: The question paper is divided into two sections A and B. Attempt all questions of Section A and any one question of Section B:

Section A

Note: All questions are compulsory

1. Give an example each of capital expenditure and revenue expenditure. 1
2. What is the legal provision of Profit sharing ratio if nothing is given in 'Partnership Deed'? 1
3. A student of Accountancy feels that a Simple Cash Book always shows a credit balance. Give your opinion. 2
4. Define anyone of the following:
 - i) Vouchers
 - ii) Supporting Vouchers
 - iii) Accounting Vouchers 2
5. What is Bank Reconciliation Statement? 2
6. Give the names of any four assets in liquidity order. 2
7. Give the formulae of 'Sacrificing ratio' and 'Gaining Ratio'. 2
8. Explain in brief the term 'Accounting' and give any two differences between book-keeping and Accounting. 3
9. What is 'going-concern Assumption'? Explain briefly its significance. 3
10. The Capital of a business concern is Rs. 1,00,000. The value of assets is Rs. 2,00,000. Complete the accounting equation with four suitable liabilities assuming imaginary figures. 4
11. Suppose the bank account in your ledger shows a credit balance. What will be the effect of following transactions in your pass book balance.
 - (i) One of your customers deposit some amount directly into your bank account.
 - (ii) Bank Charged interest on the amount overdrawn by you.
 - (iii) A cheque deposited last week by you has been dishonoured. Bank charged some amount on account of it.
 - (iv) Under your standing instructions Bank paid your insurance premium to the Insurance Company. 4
12. A, B and C are equal partners. B retires on March 1, 1997 and his share is taken over by A and C in the ratio of 3:5. Profits upto Dec.97 is Rs. 18,000. Total

- Goodwill of the firm is Rs. 24,000. How much will B get from A and C for goodwill and how much will he get for profit for 1997? Pass necessary journal entries. 5
13. What is meant by the term 'Forfeiture of Shares'? Can forfeited shares be reissued at discount? If so, to what extent? Where would you transfer the balance left in the shares forfeited account of the reissue of such shares? 5
14. A Ltd. Co. having a nominal capital of Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10 each, offered to the public for subscription 1,00,000 equity shares at a premium of Rs. 2 per share payable as:

On application	Rs.2 per share
On allotment	Rs.5 per share (including premium)
On Ist Call	Rs. 2 per share
On final Call	Rs. 3 per share

All the shares offered were applied for and allotted. The allotment money was received in full. A shareholder holding 100 shares failed to pay the first call and his shares were forfeited. These shares were reissued at Rs. 6 per share, Rs. 7 per share paid up. Final call has not been made.

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Give the necessary journal entries to record the above transactions.

15. The following Trial balance is extracted from the books as on 31st March 98.

Name of Account	Dr. balances Rs.	Cr. balances Rs.
Furniture and Fittings	640	-
Motor Vehicle	6,250	-
Building	7,500	-
Capital	-	12,500
Bad debts	125	-
Commission Received	-	575
Sundry Debtors and Creditors	3,800	2,500
Stock on 1.4.97	3,460	-
Purchases and Sales	5,475	15,450
Bank Overdraft	-	2,850
Sales and Purchase Returns	200	125
Advertising	450	-
Interest Account	118	-
Cash in hand	650	-
Taxes and Insurance	1,250	-
General Expenses	782	-
Salaries	3,300	-
	<u>34,000</u>	34,000

Adjustments:

- (a) Stock on hand on 31.3.98 was Rs. 3,250
- (b) Depreciate Building at 5%, Furniture and fittings @ 10% and Motor Vehicle by Rs. 1250.
- (c) Rs. 85 is due for interest on Bank Overdraft.
- (d) Salaries Rs. 300 and Taxes Rs. 120 are outstanding.
- (e) Insurance is prepaid to the extent of Rs. 100.
- (f) One fifth of the commission received is in respect of the work to be done next year.

Prepare Trading and Profit and Loss Account for the year ended 31st March 98 and Balance Sheet as on that date. 12

16. A and B Sharing profits in the ratio of 5:3 admit C as a partner with 1/5th share in profits. He has to contribute Rs. 20,000 as his capital. The Balance Sheet of A and B before admission was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	21,000	Goodwill	10,000
Bills Payable	6,000	Land and Buildings	25,000
Capitals		Plant and Machinery	30,000
A 50,000		Stock	15,000
B 35,000	85,000	Sundry Debtors 20,000	
General Reserve	16,000	Less Reserve 1,500	18,500
		Investments	20,000
			<u>9,500</u>
			<u>1,28,000</u>
	<u>Cash</u>		
	<u>1,28,000</u>		

Other terms agreed upon were:

- i) Goodwill of the firm was valued at Rs. 22,000
- ii) Land and Building were valued to be at Rs. 35,000 and Plant and Machinery at Rs. 25,000.
- iii) The provision of bad debts was found to be in Excess by Rs. 400.
- iv) A Liability for Rs. 1,000 included in Sundry Creditors was not likely to arise.
- v) Rs. 12,000 of investments were to be taken over by A and B in their profit sharing ratio.
- vi) B is to withdraw Rs. 3,400 in cash.

Pass Journal entries, prepare Revaluation A/c and Capital A/cs of Partners. 12

OR

A, B and C are partners in a business sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet on 31st March 97 was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1600	Cash in hand	600
General Reserve	6,000	Cash at bank	1,000
Capitals		Sundry Debtors	9,000
A	10,000	Stock	7,000
B	10,000	Machinery	6,000
C	<u>10,000</u>	Factory Building	<u>14,000</u>
	<u>37,600</u>		<u>37,600</u>

On that date C retires from business.

It is agreed to adjust the value of assets as follows:

- i) To provide a reserve of 5% on Sundry Debtors for doubtful debts.
- ii) To depreciate Machinery by 10%.
- iii) To revalue Factory Building at Rs. 15,100.
- iv) To create a liability for Rs. 350 against bills discounted.
- v) To value C's share of goodwill at Rs. 10,000 and adjust it in Capital Accounts of A and B who are going to share profits and losses equally.

Pass journal entries, prepare Revaluation A/c and Capital A/cs of Partners 12

17. Prepare Accounting Vouchers:

- i) Transfer of Share Application money to share capital A/c Rs. 20,000
and share Allotment money received Rs. 40,000 4

- ii) Prepare Transfer Voucher from the supporting voucher based on 1998
May 1 Purchased goods from M/s Ajay Brothers vide Bill No. 100/- Rs. 3,000 2

- iii) Prepare a Debit voucher from the supporting voucher based on 1998
May 10 Wages paid vide wage sheet No. 21 Rs. 1,000 2

iv) Prepare a credit voucher from the following

- 1998
May 15 Withdraw cash from bank for office use vide cheque No. 1785 Rs. 1,500 2

Section B

Attempt any one question of section B:

18. a) i. Calculate current Ratio from the Balance Sheet given below:

Balance Sheet

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital	2,00,000	Goodwill	2,40,000
Reserves	80,000	Current Assets	
Current Liabilities:		Cash	2,000
Creditors	22,000	Stock	20,000
B/P	18,000	B/R	40,000
Bank Overdraft	16,000	Goodwill	20,000
Outstanding	60,000	Investments	20,000
Expenses			
	3,42,000		3,42,000

- ii) How will you interpret the ratio calculated in the above question? 5
- iii) Calculate the funds from operation from the information given below:

Net Profit for the year Rs. 65,000

Profit on sale of Building Rs. 3,550

Goodwill written off Rs. 18,000

Depreciation provided during the year Rs. 65,000

Machinery Costing Rs. 800 sold for Rs. 650

- c) Prepare Schedule of changes in working capital and funds flow statement from the information given below:

Assets	31.12.96	31.2.97
Goodwill	10,000	5,000
Cash	1,23,000	1,60,000
Closing Stock	87,000	1,20,000
Long-term investments	15,000	10,000
Debtors	5,000	3,000
Land	15,000	27,000
	2,55,000	3,25,000

Liabilities		
Creditors	50,000	45,000
B/P	20,000	35,000
Loans (Long-term)		20,000
Capital	1,25,000	1,50,000
P and L A/c	<u>60,000</u>	<u>75,000</u>
	<u>2,55,000</u>	<u>3,25,000</u>

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19. a) Write short notes on:

- i) Donations
- ii) Entrance fees

b) i) Calculate what amount of subscription will be posted to Income and Expenditure A/c for the year ending 31st December 1997:

Subscription received during the year

- For 1996-Rs.80
- For 1997-Rs.4,220
- For 1998-Rs. 160

There are 450 members, each paying Rs. 4,460 as annual subscription of Rs. 10, Rs. 90 were in arrears for 1996 at the beginning of 1997.

- ii) Why do we prepare Income & Expenditure A/c in place of P&L A/c for Non Trading organization 2
- c) From the information given below, prepare Income and Expenditure A/c for the year ended Dec. 31, 1997

Receipts and Payment A/c

Receipts	Amounts	Payments	Amount
To bal. b/d	2,500	By General Expenses	1,100
To Entertainment fee	1,000	By Salaries	2,500
To sale of old furniture	60	By Stationery	200
To sale of old newspaper	40	By Newspapers	300
To Donations to Sports Fund	4,200	By Furniture and fittings	1,300
To Subscription	2,000	By maintenance of garden	200
		By sports Expenses	1,000
		By sports Investments	3,000
		By bal. c/d	500
	10,100		10,100

Additional Information:

- i) There are 250 members in the club, each paying Rs. 10 as subscription.
- ii) Salaries include Rs. 100 for 1996 and Rs. 1.50 for 1998 Salaries outstanding for 1997 Rs. 200.