ST. XAVIER'S SENIOR SECONDARY SCHOOL, DELHI - 110054
Pre-Board Examination 2018 in **ACCOUNTANCY**

Set 1

Std. 12 *Max. Marks : 80*
15-01-2018 *Time : 3 hrs.*

General Instructions :
i) This questions paper contains **Two Parts, A and B.**
ii) All parts of a question should be attempted at one place.
iii) Neatness is a must.

Part - A
(Accounting for Partnership Firms and Companies)

1. Name the account which is opened to credit the share of profit of the deceased partner till the time of his death to his capital account. 1 Mark

2. A, B and C, were partners in a firm sharing profits and losses in the ratio of 3:2:1. At the time of admission of a partner, the goodwill of the firm was valued at Rs.4,00,000. The accountant of the firm passed the entry in the books of accounts and thereafter showed goodwill at Rs.4,00,000 as an asset in the balance sheet. Was he correct in doing so? Why? 1 Mark

3. Almaas Ltd issued 1,00,000 equity shares of Rs.10 each. The amount was payable as follows:
   On application – Rs.3 per share.
   On allotment – Rs.2 per share.
   On first and final call – The balance.
   Applications for 90,000 shares were received and shares were allotted to all the applicants. X, to whom 1,000 shares were allotted, paid her entire share money at the time of allotment, whereas Y did not pay the first and final call on his 600 shares. What is the amount received at the time of making first and final call? 1 Mark

4. The firm with R, S, and T as partners earned a profit of Rs.6,00,000/ during the year ended 31st March 2015. 20% of this profit was transferred to general reserve. Pass the necessary journal entry for the same. 1 Mark

5. Give one difference between sacrificing ratio and gaining ratio. 1 Mark

6. What is meant by reserve capital? 1 Mark

7. A company had invited applications for 60,000 shares of Rs.10 each at a premium of Rs.2 each. The total application money received @ 2 per share was Rs.1,44,000/. Name the kind of subscription. List the three alternatives for allotting these shares. 3 Marks

8. Orchids Ltd. Issued 1,000, 9% debentures of Rs.1,000 each. Pass the necessary journal entries for the issue of debentures in the books of the company when debentures are issued at a premium of 25% to the vendors for machinery purchased for Rs.12,50,000/. 3 Marks

9. R, S, G and T are partners sharing profits and losses in the ratio of 4:3:3:2. Their respective fixed capitals on 31st March, 2015 were Rs.1,20,000/,Rs.1,80,000/, Rs.2,40,000/, and Rs.1,80,000/ respectively. After preparing the final accounts for the year ended 31stMarch, 2015, it was discovered that interest on capital @12% per annum was not allowed and interest on drawings amounting to Rs.4,000/,Rs.5,000/, Rs.3,000/, and Rs.2,000/ respectively was also not charged. Pass the necessary adjustment journal entries showing your working clearly. 3 Marks

10. MONO Ltd was formed on 1st December, 2015, with a capital of Rs.5,00,000/ divided into shares of Rs.10/ each. It offered 80% of the shares to the public.
    The issue price was payable as follows :
    30% of the face value per share was payable with application.
    20% of the face value per share was payable with allotment.
    The balance as and when required. The company did not call for the balance during the year.
    All the shares offered by the company were subscribed for. The company did not receive the allotment money on 3,000 shares.
    You are required to show the share capital in the balance sheet of the company (prepared as per Schedule III of the Companies Act, 2013) at the end of the financial year. 3 Marks

11. Suresh and Mahesh are partners sharing profits and losses in the ratio of 3:1. On 1st January, 2015, they admitted Naresh as a new partner for 1/4th share in the share in the profits of the firm. Naresh brings Rs.20,000/ for his 1/4thshare in the profits of the firm. The capitals of Suresh and Mahesh after all adjustments in respect of goodwill, revaluation of assets and liabilities, etc have been worked out at Rs.50,000/for Suresh and Rs.12,000/ for Mahesh. It is agreed that partners' capitals will be according to new profit sharing ratio. Calculate the new capitals of Suresh and Mahesh and pass the necessary journal entries assuming that Suresh and Mahesh brought in or withdrew the necessary cash as the case may be for making their capitals in proportion to their profit sharing ratio. 4 Marks

12. The balance sheet of R, O and N, who were sharing profits in the ratio of 3:3:4 as at 31st March, 2015 was as follows :

Balance Sheet As at 31st March,2015

Liabilities	Amt (Rs)	Assets	Amt (Rs)
Reserve	20,000	Cash in Hand	32,000
Bills Payable	10,000	Stock	88,000
Loan	24,000	Investments	94,000
Capitals A/cs:		Building	1,20,000
R 1,20,000		R's Loan	20,000
O 1,00,000			
N 80,000			
	3,54,000		3,54,000

R died on 30th June, 2015. The partnership deed provided for the following on the death of a partner.

i) Goodwill of the firm be valued as two years purchase of average profits for the last three years.
ii) R's share of profit or loss till the date of her death was to be calculated on the basis of sales. Sales for the year ended 31st March, 2015 amounted to Rs.8,00,000 and that from 1st April to 30th June,2015 toRs.3,00,000 and profit for the year ending 31st March, 2015 was Rs.2,00,000.
iii) Interest on capital was to be provided @6% per annum.
iv) The average profits of the last three years were Rs.84,000.
v) According to R's will, the executors should donate her share to an orphanage.

Prepare R's capital account to be rendered to his executor. Also identify the value being highlighted in the question. 4 Marks

13. R, I and M are partners in a firm. On 1st April, 2014, their capital accounts stood at Rs. 8,00,000, Rs. 6,00,000 and Rs. 4,00,000 respectively. They shared profits and losses in the proportion of 5:3:2. Partners are entitled to interest on capital @ 10% per annum and salary to I and M @ Rs.4,000 per month and Rs.6,000/ per quarter respectively as per the provisions of the partnership deed. I's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of Rs. 1,00,000 per annum. Any deficiency arising on that account shall be met by M. The profits of the firm for the year ended 31st March, 2015 amount to Rs. 4,00,000.
Prepare profit and loss appropriation account for the year ended on 31st March, 2015. 6 Marks

14. i) Pass the necessary journal entries for the issue of debentures in the following cases:
    a) Rs.20,000, 20% debentures of Rs.100 each issued at par redeemable at 10% premium.
    b) Rs.45,000, 20% debentures of Rs.100 each issued at a discount of 5% redeemable at a premium of 10%.
    ii) A company purchased 3,000, 9% own debentures of Rs.100 each at Rs.97 each for immediate cancellation. Pass the necessary journal entries. 6 Marks

15. A and B were partners sharing profits in the ratio 1:1:. On 1st March, 2015, their firm was dissolved. The assets were realized and liabilities were paid off. The accountant prepared realization account, partners's capital accounts and cash account, but forgot to post few amounts in these amounts. You are required to complete these below given accounts by posting correct amounts. 6 Marks

Dr Realisation Account Cr

Particulars		Amt (Rs)	Particulars		Amt (Rs)
To Sundry Assets A/c			By Sundry Liabilities A/c		
Debtors	42,000		Creditors	60,000	
Stock	12,000		Investments Fluctuation Fund	2,000	
Investments	18,000		Provision for Doubtful Debts	<u>6,000</u>	68,000
Plant and Machinery	<u>41,000</u>	1,13,000			
			By Cash A/c		
To Cash A/c			Debtors	35,000	
Creditors		59,000	Plant and Machinery		
			and Investments	<u>60,000</u>	95,000
To A's Capital A/c		2,000			
(Realisation expenses)			By A's Capital (Stock)		8,000
			By B's Capital A/c (Old computer)		1,200
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		1,74,400			1,74,000

Dr Partners's Capital Account
Cr

Particulars	A (Rs)	B (Rs)	Particulars	A(Rs)	B(Rs)
……………………….			By Balance b/d	30,000	10,000
……………………….			By General Reserve	7,500	7,500
……………………….					
To Cash A/c			…………………….	………	………
(Final settlement)	<u>30,400</u>	<u>15,200</u>			
	<u>39,500</u>	<u>17,500</u>		<u>39,500</u>	<u>17,500</u>

Dr Cash Account Cr

Particulars	Amt (Rs)	Particulars	Amt (Rs)
To Balance b/d	25,000	By A's Loan	15,000
To Realisation A/c (Sale of Assets)	95,000	………………………..	……..
		By A's Capital A/c	30,400
		By B's Capital A/c	15,200
	1,20,000		1,20,000

16. P and J Company Ltd having a nominal capital of Rs.3,00,00, divided into shares of Rs.10 each offered for public subscriptions of 20,000 shares payable at Rs.2 on application, Rs.3 on allotment and the balance in two calls of Rs.2.50 each. Applications were received by the company for Rs.24,000 shares. Applications for 20,000 shares were accepted in full and the shares were allotted. Applications for the remaining shares were rejected and the applications money was refunded. All the money due were received with the exception of the final call on 600 shares which were forfeited after legal formalities were fulfilled. 400 shares out of the forfeited shares were reissued at Rs.9 per share. Record necessary journal entries and prepare the balance sheet showing the amount transferred to capital reserve. 8 Marks

(OR)

Samson Ltd. issued applications for 1,00,000 equity shares of Rs.10 each at a premium of Rs.3 per share. The amount was payable as follows:

i) On application : Rs.2 ii) On allotment: Rs.5 (including premium)

iii) Balance on the first and the final call.

Applications were received for 1,50,000 shares. Allotment was made pro-rata to all applicants. A who had applied for 300 shares failed to pay allotment and call money. His shares were forfeited after the first and the final call. Of these, 170 shares were re-issued to B at Rs.9 per share fully paid. Pass the necessary journal entries to show the above transactions. Show your working clearly. 8 Marks

17. A, B, and C were partners sharing profits and losses in the proportion of 2:2:1 respectively. The balance sheet of their firm as on 31st March, 2015, stood as follows.

Balance Sheet As at 31st March, 2015

Liabilities	**Amt (Rs)**	**Assets**	**Amt (Rs)**
Capitals A/cs:		Stock	12,500
A 12,500		Machinery	17,500
B 15,000		Motor Van	4,000
C 20,000	47,500	Buildings	22,500
		Bank	1,250
Creditors	10,000	Debtors 8,000	
Bills Payable	2,000	(-) Provision for doubtful Debts (250)	7,750
General Reserve	6,000		
	65,500		65,500

B retires on 1st April, 2015, subject to the following adjustments.

i) Provision for doubtful debts to be increased by Rs.975.
ii) Stock to be appreciated by 20% and building by 10%.
iii) Machinery to be depreciated by 10% and motor van by 15%.
iv) Goodwill of the firm to be valued at Rs. 9,000.
v) The capitals of the continuing partners are to be adjusted according to the new profit sharing ratio which is agreed between A and C as 3:2 respectively.
vi) Excess or shortfall in A and C's capital accounts to be transferred to their respective current accounts.

You are required to prepare revaluation account, partner's capital accounts and balance sheet of the reconstituted firm. 8 Marks

(OR)

The following was the balance sheet of W, I and N sharing profits and losses in the ratio 6/14: 5/14; 3/14, respectively.

Balance Sheet As at ……..

Liabilities	Amt (Rs)	Assets	Amt (Rs)
Creditors	18,000	Buildings	48,000
Bills Payable	6,000	Furniture and Fixtures	7,000
Capitals A/cs:		Stock	28,000
W 38,000		Sundry Debtors	25,200
I 32,000		Cash	1,800
N 16,000	86,000		
	1,10,000		1,10,000

They agreed to take M into partnership and give him a share of 1/8 on the following terms:

i) M should bring in Rs.8,400 as goodwill and Rs.14,000 as his capital.
ii) Furniture to be depreciated by 12%.
iii) Stock to be depreciated by 10%.
iv) A provision of 5% be created for doubtful debts.
v) The value of buildings having appreciated be brought up to Rs.62,000.
vi) After making the adjustments, the capital accounts of the old partners (who continue to share in the same proportion as before) be adjusted on the basis of the proportion of M's capital, to his share in business i.e. actual cash to be paid off to or brought in by the old partners, as the case may be.

Prepare cash account, revaluation account and the opening balance sheet of the new firm. 8 Marks

Part B

(Analysis of Financial Statement)

18. Ramesh Finance Ltd., a company engaged in providing loans and investing into shares has received divided on shares. Under which head will it be shown in the cash flow statement? Give reason. 1 Mark

19. While preparing cash flow statement, dividend received by a non- financial enterprises is shown under which activity? 1 Mark

20. i) Under which heads and sub-heads the following items will appear in the balance sheet of a company as per Revised Schedule III Part I of the Companies Act, 2013?
    a) Premium on redemption of debentures.
    b) Loose Tools.
    c) Balances with Banks.

d) Capital reserve.
e) Calls-in-advance.
f) Unclaimed dividend.

ii) State the significance of analysis of financial statements to the "lenders". 4 Marks

21. Arvind Ltd is in the business of manufacturing clothes. It decides to set-up a new manufacturing unit in Nepal. It decided to do so because of the natural calamity struck in the state. It decided to employ factory staff from the local population after giving them adequate training to develop the skill in them. Each trainee was paid stipend during the training period. Following is the statement of profit and loss for the year ended 31st March, 2015. 4 Marks

Particulars	31st March, 2014 (Rs)	31st March, 2015 (Rs)
Revenue from Operation (Net sales)	5,00,000	6,25,000
Purchase of Stock-in-trade.	3,60,000	4,35,000
Changes in Inventories of Stock-in-trade.	15,000	(10,000)
Depreciation and Amortisation.	10,000	15,000
Other Expenses	15,000	25,000
Tax @ 50%.		

Prepare common size income statement. Also identify the values practiced by the company.

22. From the following information, calculate following ratios.
i) Debt equity ratio ii) Working capital turnover ratio.
Information:
Equity shares capital Rs.50,000; general reserve Rs.5,000; balance in statement of profit and loss after tax and interest Rs.15,000; (9 % debenturesRs.20,000; creditors Rs.15,000; land and building Rs.65,000; equipment Rs.15,000; debtors Rs. 14,500 and cash Rs.5,500. Revenue from operations for the year ended 31st March, 2011 was Rs.1,50,000.
Tax rate is 50%. 4 Marks

23. Following are the balance sheets of XYZ Ltd for the years ended 31st March, 2014 and 2015.

Particulars	2014-15 (Rs)	2013-14 (Rs)
I. EQUITY AND LIABILITIES.		
1. Shareholders' Funds		
a) Share Capital	12,00,000	8,00,000
b) Reserves and Surplus (Statement of profit and loss balance)	3,50,000	4,00,000
2. Non-current Liabilities		
Long-term Borrowings.	4,40,000	3,50,000
3. Current Liabilities.		
Trade Payables	60,000	50,000
Total	20,50,000	16,00,000
II. ASSETS.		
1. Non-current Assets		
a) Fixed Assets		
i) Tangible Assets	12,00,000	9,00,000
2. Current Assets		
a) Inventories	2,00,000	1,00,000
b) Trade Receivables	3,10,000	2,30,000
c) Cash and Cash Equivalents	3,40,000	3,70,000
Total	20,50,000	16,00,000

Prepare a cash flow statement after taking into account the following adjustments:
i) The company paid interest Rs.36,000 on its long-term borrowings.
ii) Depreciation charged on tangible fixed assets was Rs.1,20,000. 6 Marks

-x-x-x-x-x-x-