

PRE-BOARD EXAMINATION II– JANUARY – 2020

CLASS: XII

ACCOUNTANCY

Time: 3 hrs.

MAX. MARKS: 80

General Instructions:

1. There are **2 parts** in this Question Paper – **Part A and Part B**.
2. All **parts** of questions should be attempted at **one place**.
3. All questions are **compulsory**. However, there are **internal choice** options for **3 marks, 4 marks, 6 marks and 8 marks**.
4. There are **32** questions in this paper. Marks are given at the end of each question.
5. Objective type questions/MCQ. Only **correct answers** to be written.
6. Write down the **correct question serial number** first before attempting the question.
7. There are **10 printed pages** in this question paper.

PART – A

**(Accounting for Not-for-Profit Organisation, Accounting for Partnership Firms and
Accounting for Companies)**

Multiple Choice Questions: Select the correct option.

1. The portion of authorized capital which can be called up only on the liquidation of the company :- 1

A. Authorised capital	B. Reserve capital
C. Issued capital	D. Called up capital

2. Weighted average method of calculating goodwill is used when 1

A. Profits are not equal	B. Profits show a trend
C. Profits are fluctuating	D. none of the above

3. Fixed Assets (Book Value Rs. 45,000) is undervalued by 10%. Calculate the value (Dr./Cr.) to be 1
shown in Revaluation account.

A. Rs. 4,500, Dr.	B. Rs. 4,500, Cr.
C. Rs. 5,000, Dr.	D. Rs. 5,000, Cr.

4. Match the following items : 1

I. Death of the Partner	A. Compulsory Dissolution
II. Unlawful business	B. Happening of an event
III. Person of unsound firm	C. Mutual Agreement
IV. Dissolution with the consent of the partners	D. Dissolution by court

Objective Type Questions:

5. Mohan a partner died on 30th Sep 2019 he withdraw Rs. 4,000 per month in the beginning of every month. Rate of interest charged on drawings is 12% p.a. Amount of interest on drawing will be _____ if firm closes its account at the end of every year. 1
6. The application money should be refunded within _____ days from the closure of the issue. 1
7. Varun and Arun are partners in a firm sharing profits and losses equally. On the date of dissolution of the partnership firm, Varun's wife's loan was Rs. 45,000, whereas Arun's loan was Rs. 65,000. Which loan will be paid first and why? 1
8. A partnership firm earned divisible profit of Rs. 5,00,000, interest on capital is to be provided to partner is Rs. 3,00,000, interest on loan taken from partner is Rs. 50,000 and profit sharing ratio of partners is 5:3 sequence the following in correct way 1
- I. Distribute profits between partners
 - II. Charge interest on loan to Profit and Loss A/c
 - III. Calculate the net profit Transfer to Profit and Loss appropriation A/c
 - IV. Provide interest on capital
9. Government grant received by a school for scholarship is revenue receipt. (True/False) 1
10. A, B and C were partners in a firm sharing profits and losses in the ratio of 4:3:2. B retired and his share was taken over by A and C equally. Calculate the gaining ratio. 1
11. How would you deal with the following in a Not-for-Profit Organisation: 1
- Canteen Receipts Rs. 13,400
- Canteen Expenses Rs. 9,100
12. The retiring partner's capital account is debited with his/her share of goodwill and remaining partner's capital account is credited. (True/False) 1
13. Securities premium money can be utilized to issue fully paid Bonus shares. 1
14. Calculate Stationery Consumed and purchased during 2018 – 19 to be taken to the Expenditure side of the Income and Expenditure account. Extract of a Receipt and Payment Account for the year ended on March 31st, 2019: 3
- Payments: Stationery Rs. 23,000

Additional Information:

<i>Details</i>	<i>April 1st, 2018</i>	<i>March 31st, 2019</i>
Stock of stationery	Rs. 4,000	Rs. 3,000
Creditors for stationery	Rs. 9,000	Rs. 2,500

OR

From the following information of a not for profit organization, show the 'sports material' items in the 'Income and Expenditure Account' for the year ending 31st March, 2019 and the Balance Sheets as on 31st March 2018 and 31st March, 2019.

<i>Details</i>	31-3-2018 (Rs)	31-3-2019 (Rs)
Stock of Sports Material	2,200	5,800
Creditors for sports material	7,800	9,200
Advance to suppliers for sports material	15,000	25,000

Payment to supplies for the sports material during the year was Rs.1,20,000, there were no cash purchase made.

15. A and B were partners in a firm sharing profits in the ratio of 5:3. Their fixed capitals on 31st March, 2017 were: A - Rs. 60,000 and B - Rs. 80,000. They agreed to allow interest on capital @ 12% p.a. The profit of the firm for the year ended 31st March, 2018 Before allowing interest on capitals was Rs. 12,600. Pass necessary journal entries for the above transactions in the books of A and B. Also show your working notes clearly. 4

OR

The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2017, Rs. 80,000 in the ratio of 3:3:2 without providing for the following adjustments:

- (a) Alia and Chand were entitled to a salary of Rs.1,500 each p.m.
- (b) Bhanu was entitled for a salary of Rs. 4,000 p.a.

Pass the necessary Journal entry for the above adjustments in the books of the firm. Show workings clearly

16. Shirish, Harit and Asha were partners in a firm sharing profits in the ratio of 5:4:1. Shirish died on 30th June, 2018. On this date their Balance Sheet was as follows: 4

Balance Sheet of Shirish, Harit and Asha as at 31st March, 2018

Liabilities	Rs.	Assets	Rs.
<u>Capital:</u>		Plant and Machinery	5,60,000
Shirish 1,00,000		Stock	90,000
Harit 2,00,000		Debtors	10,000
Asha <u>3,00,000</u>	6,00,000	Cash	40,000
Profits for the year 2017 – 18	80,000		
Bills Payable	20,000		
	7,00,000		7,00,000

According to the partnership deed, in addition to deceased partner's capital, his executor is entitled to:

- (i) Share in profits in the year of death on the basis of average of last two years' profit. Profit for the year 2016 – 17 was Rs. 60,000.
- (ii) Goodwill of the firm was to be valued at 2 years' purchase of average of last two years' profits.

Prepare Shirish's Capital Account to be presented to his executor.

17. Gagan Ltd. is registered with an authorised capital of Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs.10 each. Subscribed and fully paid up share capital of the company was Rs. 5,00,00,000. For providing employment to the local youth and for the development of rural areas of Jharkhand State, the company decided to set up a food processing unit in Hazaribagh. The company also decided to set up skill development centres at Ranchi, Hazaribagh and Ramgarh. To meet its new financial requirements the company decided to issue 2,00,000 equity shares of Rs.10 each and 2000, 12% debentures of Rs. 1,000 each. The issue of shares and debentures was fully subscribed. A shareholder holding 500 shares failed to pay the final call of Rs. 3 per share. 4

Show the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013.

18. The firm of Manjeet, Sujeet and Jagjeet was dissolved on 31st March, 2018. It was agreed that Sujeet will take care of the dissolution related activities and will get 10% of the value of assets realised. Sujeet agreed to bear the realisation expenses. Assets realised Rs. 10,00,750 and realization expenses were Rs. 90,000, which were paid from the firm's cash. Rs. 4,50,000 were paid to the creditors in full settlement of their claim. 4

Pass necessary journal entries for the above transactions in the books of the firm.

19. The following is the account of cash transactions of the Nari Kalayan Samittee for the year ended 6
December 31st, 2017:

Receipts	₹	Payments	₹
Balance from last year	2,270	Rent	6,600
Subscriptions	32,500	Electric charges	3,200
Life membership fee	3,250	Lecturer's fee	730
Donation	2,500	Office expenses	1,480
Profit from entertainment	7,250	Printing and Stationery	1,050
Sale of old Books	750	Legal fee	1,870
(Book value Rs.1,000)		Books	6,500
Interest	350	Furniture purchased	8,600
		Expenses on drama	1,300
		Cash in hand	8,040
		Cash at bank	9,500
	48,870		48,870

You are required to prepare an Income and Expenditure Account after the following adjustments:

- (a) Subscription still to be received are ₹ 750, but subscription include ₹ 500 for the year 2018.
- (b) In the beginning of the year the Sangh owned building ₹ 20,000 and furniture ₹ 3,000 and Books ₹ 2,000.
- (c) Provide depreciation on furniture @5% (including purchase), books @ 10% and building @ 5%.
20. (a) Vinod Limited has 30,000, 12% Debentures of Rs. 100 each due for redemption on 31st 6
March, 2018. Debenture Redemption Reserve has a balance of Rs. 7,50,000 on 31st March, 2017 and the company had purchased the required investments on 30th April, 2017. Pass necessary journal entries for redemption of debentures on 31st March, 2018.
- (b) Nano Ltd. purchased assets of Dow Ltd. for Rs.3,00,000. It also agreed to take over the liabilities of Dow Ltd. amounting to Rs.50,000 for a purchase consideration of Rs.2,75,000. The payment to Dow Ltd. was made by issue of 8% Debentures of Rs.50 each at a premium of 10%. Pass necessary journal entries for the above transactions in the books of Nano Ltd.

OR

On 1st June, 2017, Maxal Ltd. issued 6,000; 10% Debentures of ₹ 100 each at a discount of 6% redeemable at a premium of 4%. It has a balance of ₹ 40,000 in Securities Premium Reserve. Pass the Journal entries for issue of debentures and writing off loss and also prepare Loss on Issue of Debentures Account.

21. Ahmed Ltd. invited applications for issuing 1,00,000 shares of ₹10 each at a premium of ₹1 per share. The amount was payable as follows :

On Application :	₹ 3 per share
On Allotment :	₹ 3 per share (including premium)
On First Call :	₹ 3 per share
On Second and Final Call :	Balance amount

Applications for 1,60,000 shares were received. Allotment was made on the following basis :

- (i) To applicants for 90,000 shares : 40,000 shares
- (ii) To applicants for 50,000 shares : 40,000 shares
- (iii) To applicants for 20,000 shares : full shares

Excess money paid on application is to be adjusted against the amount due on allotment and calls. Rishabh, a shareholder, who applied for 1,500 shares and belonged to category (ii), did not pay allotment, first and second and final call money.

Another shareholder, Sudha, who applied for 1,800 shares and belonged to category (i), did not pay the first and second and final call money.

All the shares of Rishabh and Sudha were forfeited and were subsequently re-issued at ₹ 7 per share fully paid.

Pass the necessary journal entries in the books of Ahmed Ltd. Open Calls-in-Arrears Account and Calls-in-Advance Account wherever required.

OR

- (a) X Ltd. forfeited 10 shares of Rs. 10 each, Rs. 7 called upon which the shareholder had paid application and allotment money of Rs. 5 per share. Out of these, 8 shares were re-issued to Y for Rs. 8 per share at Rs. 8 per paid upper share. Record the journal entries for forfeiture and reissue of shares by opening calls-in-arrears and calls-in-advance account.
- (b) L Ltd. forfeited Mr. M's shares who has applied for 600 shares and was allotted 400 shares failed to pay allotment money of Rs. 4 per share including premium of Rs. 2 on which he had paid application money of Rs. 2 only. Pass necessary journal entries for forfeiture of shares by opening calls-in-arrears and calls-in-advance account.
- (c) Crown Ltd forfeited 50 shares of Rs. 10 each, for non-payment of final call money of Rs.3 per share. Out of these 20 shares were re-issued to Taj at Rs. 8 per share. Record the journal entries for forfeiture and re-issue of shares assuming that the company maintains calls-in-arrears account and calls-in-advance account.

22. Akul, Bakul and Chandan were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On 31st 8
March, 2018 their Balance Sheet was as follows :

Balance Sheet of Akul, Bakul and Chandan as on 31-3-2018

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	45,000	Cash at Bank	42,000
Employees Provident Fund	13,000	Debtors	60,000
General reserve	20,000	Less: Provision	
Capitals :		for doubtful debts	<u>2,000</u>
Akul	1,60,000	Stock	80,000
Bakul	1,20,000	Furniture	90,000
Chandan	<u>92,000</u>	Plant and Machinery	1,80,000
	4,50,000		4,50,000

Bakul retired on the above date and it was agreed that :

- (i) Plant and Machinery was undervalued by 10%.
- (ii) Provision for doubtful debts was to be increased to 15% on debtors.
- (iii) Furniture was to be decreased to ₹ 87,000.
- (iv) Goodwill of the firm was valued at ₹ 3,00,000 and Bakul's share was to be adjusted through the capital accounts of Akul and Chandan.
- (v) Capital of the new firm was to be in the new profit sharing ratio of the continuing partners.

Prepare Revaluation account, Partners' Capital accounts and the Balance Sheet of the reconstituted firm.

OR

Sanjana and Alok were partners in a firm sharing profits and losses in the ratio 3 : 2. On 31st March, 2018 their Balance Sheet was as follows :

Balance Sheet of Sanjana and Alok as on 31-3-2018

Liabilities	Rs.	Assets	Rs.
Creditors	60,000	Cash	1,66,000
Workmen's Compensation Fund	60,000	Debtors	1,46,000
Capitals		Less : Provision	
Sanjana	5,00,000	for doubtful debts	<u>2,000</u>
Alok	<u>4,00,000</u>	Stock	1,50,000
	9,00,000	Investments	2,60,000
		Furniture	3,00,000
	10,20,000		10,20,000

On 1st April, 2018, they admitted Nidhi as a new partner for 1/4th share in the profits on the following terms :

- (a) Goodwill of the firm was valued at ₹ 4,00,000 and Nidhi brought the necessary amount in cash for her share of goodwill premium, half of which was withdrawn by the old partners.

- (b) Stock was to be increased by 20% and furniture was to be reduced to 90%.
- (c) Investments were to be valued at ₹ 3,00,000. Alok took over investments at this value.
- (d) Nidhi brought ₹ 3,00,000 as her capital and the capitals of Sanjana and Alok were adjusted in the new profit sharing ratio.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the reconstituted firm on Nidhi's admission.

PART – B

(Analysis of Financial Statements)

Objective Type Questions:

23. State whether true or false - "Statement of profit and loss shows the operating performance of an enterprise over a period of time." 1
24. Common size statements are also known as _____ analysis. 1
25. How will you disclose the "uncalled liability on party paid up shares" in company's Balance sheet? 1
26. State two objectives of financial statement analysis. 1
27. Assuming that the Debt to Equity ratio of a company is 0.50, state whether this ratio would increase, decrease or remain unchanged on the Purchase of fixed assets on a credit of 3 months. 1
28. State with reason whether 'cash deposited in bank' will result in inflow, outflow or no flow of cash while preparing Cash Flow Statement. 1
29. When can 'Receipt of Dividend' be classified as an operating activity? 1
30. Calculate 'Total Assets to Debt ratio' from the following information : 3
- Equity Share Capital ₹ 4,00,000
- Long Term Borrowings ₹ 1,80,000
- Surplus i.e. Balance in statement of Profit and Loss ₹ 1,00,000
- General Reserve ₹ 70,000
- Current Liabilities ₹ 30,000
- Long Term Provisions ₹ 1,20,000

OR

State under which major headings and sub-headings will the following items be presented in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013.

- (i) Investment in Debentures
- (ii) Calls-in-arrears
- (iii) Unpaid dividend
- (iv) Capital Reserve
- (v) Capital work-in-progress
- (vi) Patents being developed by the company.

31. From the following information extracted from the Statement of Profit and Loss for the years ended 31st March, 2017 and 2018, prepare a Comparative Statement of Profit & Loss.

4

Particulars	2017-18	2016-17
Revenue from operations	₹ 6,00,000	₹ 5,00,000
Other incomes (% of Revenue from Operations)	20%	20%
Employee benefit expenses (% of Total Revenue)	40%	30%
Tax rate	50%	50%

OR

Prepare a common size Balance Sheet of KJ Ltd. from the following information :

Particulars	2017-18	2016-17
<u>I – Equity and Liabilities :</u>		
Shareholder's Funds	8,00,000	4,00,000
Non-Current Liabilities	5,00,000	2,00,000
Current Liabilities	3,00,000	2,00,000
Total	16,00,000	8,00,000
<u>II – Assets :</u>		
Non-Current Assets	10,00,000	5,00,000
Current Assets	6,00,000	3,00,000
Total	16,00,000	8,00,000

32. From the following Balance Sheet of Kiero Ltd. and the additional information as on 31-03-2018, prepare a Cash Flow Statement:

6

Kiero Ltd.

Balance Sheet as at 31-03-2018

Particulars	Note No.,	31-03-2018	31-03-2017
<u>I – Equity and Liabilities :</u>			
1. Shareholder's Funds			
(a) Share Capital		7,90,000	5,80,000
(b) Reserves & Surplus	1	4,60,000	1,20,000
2. Non-Current Liabilities			
Long Term Borrowings	2	5,00,000	3,00,000
3. Current Liabilities:			
(a) Short-term borrowings	3	1,15,000	42,000
(b) Short-term provisions	4	1,18,000	46,000
Total		19,83,000	10,88,000
<u>II – Assets :</u>			
1. Non-Current Assets			

Fixed Assets			
(i) Tangible Assets	5	9,80,000	6,35,000
(ii) Intangible Assets	6	2,68,000	1,70,000
2. Current Assets:			
(a) Current Investments		1,40,000	70,000
(b) Trade Receivables		4,40,000	1,50,000
(c) Cash & Cash Equivalents		1,55,000	63,000
Total		19,83,000	10,88,000

Notes to Accounts

Note No	Particulars	31-03-2018	31-03-2017
1.	Reserves and Surplus		
	Surplus(Balance in Statement of Profit & Loss)	3,20,000	60,000
	General Reserve	1,40,000	60,000
		4,60,000	1,20,000
2.	Long-term Borrowings		
	12% Debentures	5,00,000	3,00,000
3.	Short-term Borrowings		
	Bank Overdraft	1,15,000	42,000
4.	Short-term Provisions		
	Provision for Tax	1,18,000	46,000
5.	Tangible Assets		
	Plant and Machinery	11,00,000	7,50,000
	Less : Accumulated Depreciation	<u>(1,20,000)</u>	<u>(1,15,000)</u>
		9,80,000	6,35,000
6.	Intangible Assets		
	Goodwill	2,68,000	1,70,000

Additional Information :

12% debentures were issued on 1st September, 2017.
