

Pre Board -1 Examination – December 2019

Roll No.
Series SSR / 1

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Code No. 055/ 1 / 2

- Please check that this question paper contains 14 printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains 32 questions.
- Please write down the serial number of the question before attempting it.

Accountancy

Class : XII
Date : 11-12-2019

Time allowed : 3 hrs.
Max marks : 80

General Instructions:

1. This question paper contains two parts A and B
2. All parts of the question should be attempted at one place.

PART – A

(Accounting for Not-for-Profit Organization, Partnership Firm and Company Accounts)

1. A, B and C are partners in a firm sharing profits and losses in the ratio of 2: 2:1. 31st March, 2018, C died. Accounts are closed on 31st December every year. The sales for the year 2017 was ₹6,00,000 and the profit were ₹60,000. The sales for the period from Jan 1, 2018 to 31st March, 2018 were ₹2,00,000. The share of the deceased partner in the current year's profits on the basis of sales is:

(a) ₹ 20,000	(b) ₹ 8,000
(c) ₹ 3,000	(d) ₹ 4,000

(1)
2. A and B are partners in a firm. They are entitled to interest on their capitals but the net profit was not sufficient for the interest, then the net profit will be distributed among the partners in:

(a) Agreed Ratio	(b) Profit Sharing Ratio
(c) Capital Ratio	(d) Equally.
3. Anu, Bina and Charan are partners. He firm had given a loan of ₹20,000 to Bina. On the event of Dissolution, the loan will be settled by:

(1)

- (a) Transferring it to Debit side of Realisation A/C
- (b) Transferring it to the Credit side of Realisation A/c
- (c) Transferring it to Debit side of Bina's Capital A/C
- (d) Bina paying Anu and Charan privately.

4. Give one similarity between Receipts and Payments A/c and Income & Expenditure A/C.
5. A and B are partners in a firm. They are entitled to interest on their capitals but the net profit was not sufficient for the interest, then the net profit will be distributed among the partners in: (1)

- (a) Agreed Ratio
- (b) Profit Sharing Ratio
- (c) Capital Ratio
- (d) Equally.

6. What share of Profits would a "Sleeping Partner" who has contributed 75% of the total capital get in the absence of deed? (1)

7. Reena , Meena and Veena are partners sharing profits in the ratio of 2;3;4. Meena retires on 1st April, 2018 on which date the Balance Sheet of the firm showed the following position:

Investment (Market Value ₹1,30,000) ----- ₹1,50,000

Investment Fluctuation Reserve ----- ₹ 65,000

How much will be credited in the Capital account of the partners as Investment Fluctuation Reserve. (1)

8. Ankit Unnati and Aryan are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 2:3:5 with effect from 1st April, 2018. They had the following balance in their Balance Sheet, pass necessary Journal Entry. (1)

Particulars	Amount(₹)
Profit and loss Account (Dr.)	60,500

9. A and B are partners in a firm. They admitted C as a new partner for 20% share in the profits. After all adjustments regarding General Reserve, Goodwill, gain or Loss on Revaluation, the balances in Capital Account of A and B were ₹3,85,000 and ₹4,15,000 respectively. C brought proportionate Capital so as to give him 20% share in the profits. Calculate the amount of Capital to be brought by C.

(1)

10. What will happen if retired or deceased partner's dues are not settled immediately? (1)
11. A, B and C are equal Partners. C retires. He surrenders $\frac{3}{5}$ th of his share in favour of A and $\frac{2}{5}$ th share in favour of B. New Ratio will be: (1)
- (a) 3:2 (b) 8:7
(c) 7:8 (d) 2:3
12. X and Y are partners in a firm with a capital of ₹90,000 and ₹1,00,000. Z was admitted for $\frac{1}{3}$ rd share in the profits and brings ₹1,70,000 as capital, calculate the amount of Goodwill: (1)
- (a) ₹1,20,000 (b) ₹ 50,000
(c) ₹75,000 (d) ₹1,50,000
13. Discount on Issue of Debentures should be shown on the:
- (a) As Expenses in Statement of P & L
(b) Equity & Liabilities side of Balance Sheet.
(c) Asset side of Balance Sheet.
(d) As Income in the statement of P& L.
14. Present the following items in the Balance Sheet of Queen's Club as at 31st March, 2019:

Capital Fund (1 st April, 2018)	₹ 10,80,000
Building Fund (1 st April, 2018)	₹ 4,80,000
Donation received for Building	₹ 6,00,000
10% Building Fund Investments (1 st April, 2018)	₹ 4,80,000
Interest received on Building Fund Investments	₹ 48,000

Expenditure on construction of building 3,60,000. The construction work is in progress and has not yet been completed.

15. E, F and G were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On March 31, 2017, their firm was dissolved. On the date of dissolution, the Balance Sheet of the firm was as follows:

Balance Sheet as at March 31, 2017

Liabilities	₹	Assets	₹
Capitals:		G's Capital	500
E 1,30,000		Profit & Loss Account	10,000
F <u>1,00,000</u>	2,30,000	Land & Building	1,00,000
Creditors	45,000	Furniture	50,000
Outstanding Expenses	17,000	Machinery	90,000
		Debtors	36,500
		Bank	5,000
	2, 92,000		2,92,000

F was appointed to undertake the process of dissolution for which he was allowed a remuneration of ₹5,000. F agreed to bear the dissolution expenses. Assets realized as follows:

- (i) The Land & Building was sold for ₹1,08,900.
- (ii) Furniture was sold at 25% of book value.
- (iii) Machinery was sold as scrap for ₹9,000.
- (iv) All the Debtors were realized at full value.
- (v) Creditors were payable on an average of 3 months from the date of dissolution. On discharging the Creditors on the date of dissolution, they allowed a discount of 5%.

Pass necessary Journal entries for dissolution in the books of the firm. (4)

16. X, Y, and Z are partners with fixed capitals of ₹ 1,50,000, ₹ 1,20,000 and ₹1,00,000 respectively. The Balance of current accounts on 1st January, 2011 were ₹X 8,000 (Cr.); Y ₹ 3,000 (Cr.) and Z ₹ 2,000 (Dr.). X advanced ₹ 20,000 on July 1, 2011. The partnership deed provided for the following:

- (a) Interest on Capital at 5% p. a.
- (b) Interest on drawings at 6% p. a. Each partner drew ₹ 10,000 on July 1, 2011.
- (c) ₹ 20,000 is to be transferred to a Reserve Account.
- (d) Profit and Loss to be shared in the proportion of 3 : 2 : 1 upto ₹ 60,000 and above ₹ 60,000 equally.

Net profit of the firm before above adjustments was ₹ 1,15,400

From the above information, prepare Profit and Loss Appropriation Account.

OR

(4)

Kavita, Meenakshi and Gauri are partners doing a paper business in Ludhiana. After the accounts of partnership have been drawn up and closed, it was discovered that for the years ending 31st March 2013 and 2014, interest on capital has been allowed to partners @ 6% p.a. although there is no provision for interest on capital in the partnership deed. Their fixed capitals were ₹2,00,000; ₹1,60,000 and ₹1,20,000 respectively. During the last two years they had shared the profits as under:

Year	Ratio
31 March 2013	3:2:1
31.March 3014	5:3:2

You are required to give necessary adjusting entry on April 1, 2014.

- 17 Janta Ltd. had an authorized capital of 2,00,000 equity shares of ₹10 each. The company offered to the public for subscription 1,00,000 shares. Applications were received for 97,000 shares. The amount was payable as follows on application was ₹2 per share, ₹4 was payable each on allotment and first and final call. A shareholder holding 600 shares failed to pay the allotment money. His shares were forfeited. The company did not make the first and final call.

Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. Also prepare Notes to accounts.

(4)

18. A, B and C were partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. C died on 30th June, 2016. After all the necessary adjustments, his capital account showed a credit balance of ₹70,600. C's executor was paid ₹10,600 on 1st July, 2016 and the balance in three equal yearly instalments starting from 30th June, 2017 with interest @ 10% p.a. on the unpaid amount. The firm closes its books on 31st March every year.

Prepare C's Executor's Account till the amount is finally paid.

(4)

19. Prepare Income and Expenditure Account from the following particulars of Youth Club for the year ended on 31st March,2018:

**Receipts and Payments A/c
for the year ended on March, 2018**

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	32,500	By Salaries	31,500
To Subscription		By Postage	1,250
2016-17 1,500		By Rent	9,000
2017-18 60,000		By Printing and	
2018-19 <u>1,800</u>	63,300	Stationery	14,000
To Donations		By Sports Material	11,500
(Billiards table)	90,000	By Miscellaneous	
To Entrance Fees	1,100	Expenses	3,100
To Sale of old magazines	450	By Furniture (1.10.2017)	20,000
		By 10% investment	
		(1.10.2017)	70,000
		By Balance c/d (31.3.18)	27,000
	1,87,350		1,87,350

Additional Information:

- (a) Subscription outstanding as at March 31st 2018 ₹16,200
- (b) ₹ 1200 is still in arrears for the year 2016-17 for subscription
- (c) Value of sports material at the beginning and at the end of the year was ₹ 3,000 and ₹4,500 respectively.
- (d) Depreciation to be provided @ 10% p.a. on furniture.

20. Ruchi Ltd issued 42,000, 7% Debentures of ₹100 each on 1st April, 2011, redeemable at a premium of 8% on 31st March 2015. The company decided to create required Debenture Redemption Reserve on 31st March 2014. The company invested the funds as required by law in a fixed deposit with State Bank of India on 1st April, 2014 earning interest @ 10% per annum. Tax was deducted at source by the bank on interest @ 10% per annum.

Pass necessary Journal Entries regarding issue and redemption of debentures.

OR

(6)

- (a) V K Limited purchased machinery from Modern Equipment Manufacturers Limited. The company paid the vendors by issue of some equity shares and debentures and the balance through an acceptance in their favour payable after three months. The accountant of the company, while Journalising the above mentioned transactions, left some items blank. You are required to fill in the blanks.

**V K Limited
Journal**

Date	Particulars	L F	Dr. Amt (₹)	Cr. Amt (₹)
	Machinery Account Dr. To (Purchased machinery for ₹ 7,00,000 from Modern Equipment Manufacturers Limited)		
	Modern Equipment Manufacturers Ltd. A/C Dr. Loss on Issue of 9 % Debentures Account Dr. To..... To..... To Securities Premium Reserve Account To Premium on Redemption of Debentures A/C (Issued Rs. 1,00,000 9 % debentures at a discount of 10 % redeemable at a premium of 10 % and 50,000 equity shares of ₹10 each issued at a premium of 15 %)		
 Dr. To (.....)		

(b) S. Singh Limited obtained a loan of ₹5,00,000 from State Bank of India @ 10 % interest. The company issued ₹7,50,000, 10 % debentures of ₹ 100/- each, in favor of State Bank of India as collateral security. Pass necessary journal entries for the above transactions:

- i. When company decided not to record the issue of 10 % Debentures as collateral security.
- ii. When company decided to record the issue of 10 % Debentures as collateral security.

21. A, B & C were partners in a firm sharing profits & losses in proportion to their fixed capitals. Their Balance Sheet as at March 31, 2017 was as follows: Balance Sheet as at March 31, 2017

Liabilities	₹	Assets	₹
Capitals:		Bank	21,000
A 5,00,000		Stock	9,000
B 3,00,000	10,00,000	Debtors	15,000
C 2,00,000	75,000	Less: Pro. D. Debts	1,500
General Reserve	23,000		13,500
Creditors	7,000	A's Loan	35,500
Outstanding Salary	15,000	Plant & Machinery	2,00,000
B's Loan		Land & Building	6,00,000
		Profit & Loss Account (For the year ending 31st March 2017)	2,41,000
	11,20,000		11,20,000

On the date of above Balance Sheet, C retired from the firm on the following terms:

- (i) Goodwill of the firm will be valued at two years purchase of the Average Profits of last three years. The Profits for the year ended March 31, 2015 & March 31, 2016 were ₹4,00,000 & ₹3,00,000 respectively.
- (ii) Provision for Bad Debts will be maintained at 5% of the Debtors.
- (iii) Land & Building will be appreciated by ₹90,000 and Plant & Machinery Will be reduced to ₹1,80,000.
- (iv) A agreed to repay his Loan.
- (v) The loan repaid by A was to be utilized to pay C. The balance of the amount payable to C was transferred to his Loan Account bearing interest @ 12% per annum.

Prepare Revaluation Account, Partners' Capital A/c, Partners' A/C and the Balance Sheet of the reconstituted firm.

OR

(8)

On 31st March, 2019 the Balance Sheet of Madan and Mohan who share profits and losses in the ratio of 3:2 was as follows:

**Balance Sheet of Madan and Mohan
as at 31st March, 2019**

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	28,000	Cash at Bank	10,000
General Reserve	10,000	Debtors	65,000
Employees Provident Fund	22,000	(-): Pro. D Debts	5,000
Capitals :		—————	60,000
Madan	60,000	Stock	33,000
Mohan	40,000	Patents	57,000
	1,00,000		
	1,60,000		1,60,000

They decided to admit Gopal on 1st April, 2019 for 1/5th share which Gopal acquired wholly from Mohan on the following terms:

- (i) Gopal shall bring ₹10,000 as his share of premium for Goodwill.
- (ii) A debtor whose dues of ₹3,000 were written off as bad debt paid ₹2,000 in full settlement.
- (iii) A claim of ₹5,000 on account of workmen's compensation was to be provided for.
- (iv) Patents were undervalued by ₹2,000. Stock in the books was valued 10% more than its market value.
- (v) Gopal was to bring in capital equal to 20% of the combined capitals of Madan and Mohan after all adjustments.

Prepare Revaluation Account, Capital Accounts of the Partners and the Balance Sheet of the new firm.

22. Venus Ltd' was registered with an Authorised Capital of ₹40,00,000 divided into 4,00,000 equity shares of 10 each. 70,000 of these shares were issued as fully paid to 'M/s. Star Ltd.' for building purchased from them. 2,00,000 shares were issued to the public and the amounts were payable as follows:

On Application	– ₹ 3 per share
On Allotment	– ₹ 2 per share
On First Call	– ₹ 2 per share
On Second and Final Call	– ₹3 per share

The amounts received on these shares were as follows:

On 1,00,000 shares	– Full amount called
On 60,000 shares	– ₹ 7 per share
On 30,000 shares	– ₹ 5 per share
On 10,000 shares	– ₹ 3 per share

The directors forfeited 10,000 shares on which only ₹3 per share were received. These shares were reissued at ₹12 per share fully paid. Pass necessary journal entries for the above transactions in the books of 'Venus Ltd'.

OR

Rathee Ltd. invited applications for issuing 1,00,000 equity shares of ₹10 each. The shares were issued at a premium of 60%. The amount was payable as follows :

On Application and Allotment----- ₹6 per share
(including premium ₹4)

On First and Final Call ----- Balance including premium

Applications for 1,90,000 shares were received. The allotment was made as follows :

Category A –Applications for 10,000 shares were rejected.

Category B – Applications for 1,00,000 shares were allotted 50,000 shares.

Category C –Applications for 80,000 shares were allotted 50,000 shares.

Excess money received on application and allotment was adjusted towards sums due on first and final call.

Ali, who belonged to Category B, and had applied for 1,000 shares, paid the entire amount of his share money with application.

Bali, who belonged to Category C, was allotted 1,000 shares, failed to pay the first and final call money. His shares were forfeited and re-issued at ₹15 per share fully paid up.

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

PART - B

Analysis of Financial Statements

23. How does subjectivity become a limitation of Financial Statement Analysis? (1)
24. Whether the following statements is True or False.

“Furniture purchased by issue of Shares by the company is an Investing Activity”. (1)

25. State one transaction which results in a decrease in "Debt-Equity Ratio" and no change in "Current Ratio" (1)
26. ----- are especially interested in Long Term and Short Term Solvency of the firm:
 (a) Customers (b) Shareholders
 (c) Tax Authorities (d) Bankers and Lenders (1)
27. Rex Ltd. Paid ₹60,000 as installment for machinery purchased on credit which included interest of ₹10,000. How will this payment be presented while preparing Cash Flow Statement? (1)
28. Bills Receivable endorsed to a creditor ₹10,000. State, giving reason, whether the ratio improves, declines or does not change the Quick Ratio if the Quick Ratio is 1.5:1 (1)
29. State what would constitute the operating Activity for Cotton Textile Mill (1)
30. Under which sub-headings will the following items be placed in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013?
 (i) Accrued Interest
 (ii) Stores and Spares
 (iii) Loans Repayable on Demand
 (iv) Provision for Expenses
 (v) Negative Balance in the Statement of Profit and Loss
 (vi) Other Loans and Advances

OR (3)

- (a) Net profit after interest and tax of M Ltd. was ₹1,00,000. Its Current Assets were ₹4,00,000 and Current Liabilities were ₹2,00,000. Tax rate was 50%. Its Total Assets were ₹10,00,000 and 10% Long term debt was ₹4,00,000. Calculate Return on Investment.
- (b) Rate of Gross profit on Revenue from operations of a company is 25%. Its Gross profit is ₹5,00,000. Its Shareholders' Funds are ₹25,00,000; Non-current Liabilities are ₹8,00,000 and Non-Current Assets are ₹23,00,000. Calculate its Working Capital Turnover Ratio.

31. From the following information prepare Comparative Balance Sheet of X Ltd. :

Particulars	31-3-2017 Amount ₹	31-3-2016 Amount ₹
Share Capital	25,00,000	25,00,000
Reserves and Surplus	6,00,000	10,00,000
Long-term Borrowings	16,00,000	15,00,000
Current Liabilities	5,00,000	4,50,000
Fixed Assets	35,00,000	25,00,000
Investments (Non-Current)	10,50,000	15,00,000
Current Assets	6,50,000	14,50,000

OR

(4)

Following is the Statement of Profit & Loss of X L Limited for the year ended March 31, 2017: Statement of Profit & Loss for the year ended March 31, 2017

Particulars	Notes to Accounts	2015-16 Amount (₹)	2016-17 Amount (₹)
Revenue from Operations		50,00,000	80,00,000
Expenses:			
(a) Employee Benefit Expenses: 10 % of Revenue from Operations		10,00,000	12,00,000
(b) Other Expenses			
Tax Rate 40 %			

32 Following is the Balance Sheet of X Ltd. as at 31st March, 2018

	Particulars	Note No.	31.3.2018 ₹	31.3.2017 ₹
I	Equity and Liabilities:			
1.	Shareholder's Funds:		9,50,000	8,50,000
	a) Share Capital		3,00,000	1,50,000
	b) Reserves and Surplus	1		
2.	Non-Current Liabilities:		2,50,000	2,00,000
	Long-term Borrowings	2		
3.	Current Liabilities:		85,000	87,500
	Short-term Borrowings	3	1,00,000	82,500
	Short-term Provisions	4		
	Total		16,60,000	13,70,000
II	Assets:			
1	Non-Current Assets:			
	(a) Fixed Assets:			
	(i) Tangible Assets	5	12,00,000	9,50,000
	(ii) Intangible Assets	6	1,00,000	1,50,000
	(b) Non-Current Investments :		1,50,000	1,00,000
2	Current Assets:			
	a) Current Investments		70,000	85,000
	b) Inventories		1,30,000	65,000
	c) Cash and cash equivalents		35,000	20,000
	Total		16,60,000	13,70,000

Notes to Accounts:

Note No.	Particulars	31.3.2018 ₹	31.3.2017 ₹
1.	Reserves and Surplus: (Surplus i.e. Balance in Statement of Profit and Loss)	3,00,000	1,50,000
		3,00,000	1,50,000
2.	Long-term Borrowings: 12% Debentures	2,50,000	2,00,000
		2,50,000	2,00,000

3.	Short-term Borrowings: Bank Overdraft	85,000	87,500
		85,000	87,500
4.	Short-term Provisions: Provision for Tax	1,00,000	82,500
		1,00,000	82,500
5.	Tangible Assets: Machinery Less: Accumulated Depreciation	13,00,000	10,00,000
		(1,00,000)	(50,000)
		12,00,000	9,50,000
6.	Intangible Assets: Goodwill	1,00,000	1,50,000
		1,00,000	1,50,000

Additional Information:

- (i) ₹ 50,000, 12% Debentures were issued on 1 April, 2017.
- (ii) During the year, a piece of machinery costing ₹40,000 on which accumulated depreciation was ₹20,000 was sold at a gain of ₹5,000.

Prepare a Cash Flow Statement.

(6)

