

PRE-BOARD EXAMINATION, JANUARY 2020

CLASS: XII

ACCOUNTANCY (055)

M.MARKS: 80

DATE: 12.01.20

TIME: 3 Hrs.

GENERAL INSTRUCTIONS:

- This question paper contains two parts A and B.
- Part A is compulsory to all.
- Part B has two options- Analysis of Financial statements and Computerised accounting.
- Attempt only one option of part B
- All parts of a question should be attempted at one place

PART - A

ACCOUNTING FOR NON PROFIT ORGANISATIONS, PARTNERSHIP FIRMS AND COMPANIES

1. Show how will the following items relating to Building fund of Silver Public School, be shown in the Balance Sheet. (1)

Particulars	□
Building fund (opening)	7,00,000
Donations received for building	15,00,000
Expenditure incurred on the construction of sports room	8,00,000

2. Match the following: (1)

A	B
Super profits	Intangible asset
Average profits	Average profits (-) Normal profits
Normal profits	Total profits (-) Total Loss / Number of years of profit and losses
Goodwill	Reasonable profits of entrepreneur

3. M,N& O are partners in a firm sharing profits in the ratio of 3:2:1. Goodwill has been valued at ₹60,000. On N's retirement, M &O agreed to share the profits equally. Pass necessary journal entry for treatment N's share of goodwill. (1)
4. A and B are partners with capitals of ₹13,000 and ₹6,000 respectively. They admit C for $\frac{1}{5}$ th share in the profits of the firm. C brings ₹8,000 as his capital. Calculate C's share of goodwill.
(1)
5. R took over assets of ₹10,80,000 and liabilities of ₹80,000 of Y Ltd at an agreed value of ₹9,60,000. Pass journal entry to record purchase of business in the books of R. (1)
6. Partner's Executors a/c is prepared at the time of death of a partner to _____ (1)
7. Drawings against capital is considered to calculate, interest on drawings. Is it correct? (1)
8. Closing entry for Interest on drawings is:
Interest on drawings a/c Dr
To Profit &Loss Appropriation a/c. Is it correct? (1)
9. A and B are partners sharing profits in the ratio of 5:3. They admitted Cgiving him $\frac{3}{10}$ th share of profits. If C takes $\frac{1}{5}$ th share from A and $\frac{1}{10}$ th from B, their new profit sharing ratio will be:
a. 5:6:3 b. 2:4:6 c. 18:24:38 d. 17:11:12 (1)
- 10.X Ltd, forfeited 50 shares of ₹100 each issued at 10% premium on which allotment money of ₹30 per share (including premium) and first call of ₹30 per share were not received. Second and final call of ₹20 per share are not yet made. If 20 of these shares were reissued at ₹70 per share as fully paid. The gain on the reissue is :
a. ₹1,500 b. 1,300 c. ₹900 d. nil (1)
11. When interest on capital is allowed to partners, Interest on capital account is debited and Partners capital account is credited. It is called:
a. Opening entry.
b. Closing entry.
c. An adjustment entry
d. A transfer entry (1)
12. Interest on Debentures is paid only in that year when the company earns profit. Is this statement correct? Give reason. (1)

13. A, B and C entered into partnership on 1st October 2018, to share profits in the ratio of 3:2:1. A personally guaranteed that C's share of profit would not be less than ₹30,000 p.a. profit for the period ended 31.3.19 was ₹1,20,000. Calculate the deficiency to be charged to A. (1)

14. State any three differences between Receipts and Payments account and Income and Expenditure account. OR

Calculate the amount to be debited to Income & Expenditure account under the heading Sports item for the year ended 2019 in respect of the Cosmopolitan Club:

Stock of sports items on 1 st April 2018	₹44,700
Stock of sports material on 31.3.19	₹24,500
Paid for sports item during the year	₹97,900
Creditors for the supply of sports items on 31.3.19	₹26,500.

(3)

15. X, Y & Z are in partnership sharing profits and losses in the ratio 3:2:1. X retires from the firm on 1st April, 2016 when his capital shows a credit balance of ₹85,100 after necessary adjustments. X is to be paid ₹25,100 in cheque immediately and the balance in three equal instalments together with 5% interest per annum on diminishing balance. Show the necessary ledger accounts. OR

R, G & V were partners in a firm sharing profits in the ratio of 4:3:1. The firm closes its book on 31st March every year. On 1st February 2019 G died and it was decided that the new profit sharing ratio between R & V will be equal. The partnership deed provided for the following on the death of a partner:

- His share of goodwill will be calculated on the basis of half of the profits credited to his account during the previous 4 completed years.
- The firm's profits for the last four years ended 31st March were:
2014 – 15 ₹1,20,000, 2015 – 16 ₹80,000, 2016 – 17 ₹40,000 and 2017 – 18 ₹80,000.
- His share of profits in the year of his death was to be computed on the basis of average profits of the past two years.

Pass necessary journal entries relating to goodwill and profits transferred to G's capital a/c. show your workings clearly. (4)

16. A, B, C and D were partners having capitals of ₹2,00,000, ₹1,00,000, ₹60,000, and ₹40,000 respectively. They share profits in the ratio of 3:2:1:1. They have agreed upon the following terms:

- Partners are entitled to interest on capital at 7%.

- ii. A will get a salary of ₹1,000 per month.
- iii. B's share of profits (including interest on capital) has been guaranteed not less than ₹2,00,000.
- iv. D's share of profits (excluding interest on capital) has been guaranteed by A to be not less than ₹95,000.
- v. Net profits for the year ended 31.3.19 was ₹6,70,000. Prepare Profit and loss Appropriation account for the year ended 31.3.19.

(4)

17. Hero India Ltd has 5,000, 9% Debentures of ₹100 each outstanding as on 31.3.2018. These Debentures are due for redemption on 31st March, 2019 at a premium of 10%. The company had a surplus, i.e. balance in the statement of profit and loss a/c of ₹5,50,000. Instead of declaring dividend, it decided to redeem the debentures. The company invested the funds as required by Law in the specified securities on 30th April 2018. Earning interest @10% p.a. Record necessary Journal entries at the time of redemption including DRR & DRI (4)

18. Rohit, Kunal and Shamil are partners in a firm. They decided to dissolve their firm. Pass necessary journal entries for the following after various assets (other than cash and bank) and the third party liability have been transferred to Realisation account.

- i. Kunal agreed to pay off his wife's loan of ₹20,000.
- ii. Total creditors of the firm were ₹40,000. Creditors worth ₹10,000 were given a piece of furniture costing ₹8,000 in full and final settlement. Remaining creditors allowed a discount of 10%.
- iii. The firm had a debit balance of ₹30,000 in the profit and loss a/c on the date of dissolution.
- iv. Shamil paid realization expenses of ₹18,000 out of his private funds, who was to get remuneration of ₹15,000 after completing the dissolution process and was responsible to bear all the realization expenses. And was responsible to bear all the realization expenses. (4)

19. How the following items be dealt while preparing Income & Expenditure a/c of Chennai Super Club for the year ending 31st March 2019, and its Balance sheet as on that date.

Particulars	1.4.2018 (₹)	31.3.2019 (₹)
Outstanding Subscriptions	11,875	8,750
Advance subscription	3,500	6,500
Outstanding salaries	18,750	11,250

Prepaid salaries	6,250	3,750
Amount due to the supplier of sports material	18,750	11,250
Advances t the supplier of sports material	6,250	3,750
Stock of sports material	18,750	8,750

During the year ended 31.3.2019, payments made to the suppliers of Sports material was ₹67,500 and cash purchases were 10% of credit purchases. Subscription received during the year ₹1,86,125; salaries paid ₹67,500.

(6)

20. Omaxe Ltd. Issued 2,50,000, 8% debentures of ₹100 each. Pass journal entries in the books of the company for the issue of debentures when the debentures were

- Issued at par, redeemable at a premium of 8%.
- Issued at 4% premium, redeemable at 5% premium.
- Issued at 5% premium, redeemable at par.

OR

Raheja Ltd. Issued 2000 shares of ₹100 each to the underwriters of the issue and 5000 shares of ₹100 each to the promoters for their services to incorporate the company.

It had issued 50,000 shares of ₹100 each to public for subscription, amount being payable in lump sum. Shares were fully subscribed. Pass journal entries and show the share capital in the Balance Sheet. (6)

21. X & Y are partners in a firm sharing profits and losses in the ratio of 5:3. On 31st March, 2019, they admitted Z as a new partner for 1/5 th share in the profits. The Balance sheet as on that date was as follows:

Liabilities	₹	Assets	₹
Capital A/cs:		Land & building	15,00,000
X	15,00,000	Plant & Machinery	4,00,000
Y	9,00,000	Furniture	50,000
Workmen compensation Reserve	4,00,000	Stock	2,00,000
Creditors	2,00,000	Debtors	4,70,000
		Less: Provision for doubtful debts	(12,000)
		Bills receivable	70,000
		Bank	42,000
		Profit & loss a/c	2,00,000
		Advertisement suspense a/c	80,000

	30,00,000		30,00,000

On z's admission it was agreed that:

- i. Z will bring ₹4,00,000 as his capital and ₹1,60,000 for his share of goodwill, half of which is withdrawn by A & B
- ii. Provision for doubtful debts to be reduced by ₹250
- iii. Included in creditors is ₹35,000 which was not to be paid and henceforth to be adjusted and ₹10,000 paid to creditors which was not recorded in the books.
- iv. A provision was to be made for an outstanding bill for electricity ₹30,000.
- v. A claim of ₹3,250 for damages against the firm was likely to be admitted. Provision for the same to be made.
- vi. Old partners capitals were adjusted on the basis of the incoming partner. Actual cash to be brought in or paid off as the case may be.
- vii. Prepare Revaluation a/c, partners capital a/c and the revised Balance Sheet.

OR

Following is the balance sheet of X, Y and Z as on 31.3.19, who have agreed to share profits in the proportion of their capitals:

Liabilities	₹	Assets	₹
Capital		Land and building	4,00,000
X	4,00,000	Machinery	6,00,000
Y	6,00,000	Closing stock	2,00,000
Z	4,00,000	Debtors	2,20,000
Employees provident fund	70,000	Less; PDD	(20,000)
Workmen compensation reserve	30,000	Cash at bank	2,00,000
Creditors	2,00,000	Cash in hand	1,00,000
	17,00,000		17,00,000

On 31.3.19 X retired from the firm and remaining partners decided to carry forward the business as follows:

- i. Land and building to be brought up to 130% of the book value.
- ii. Machinery be depreciated by 30 %
- iii. There was a bad debt of ₹35,000.

- iv. Claim on a/c of workmen comp. fund was estimated as ₹15,000
- v. Goodwill of the firm was valued at ₹2,80,000 and X's share of goodwill was adjusted against Y's and Z's capital whose NPSR was 3:4 respectively.
- vi. Capital of the new firm will be same as before the retirement of X and will be in the NPSR of continuing partners
- vii. Amount due to X be settled by paying ₹100,000 immediately and the balance by transferring it to loan a/c.
- viii. Prepare revaluation a/c, partners capital a/c, and the revised balance sheet. (8)

22.K ltd invited applications for 70,000 equity shares of ₹10 each at a premium of

₹35 per share. the amount was payable as follows:

On application ₹15 (including premium 12)

On allotment ₹10 (including premium 8)

Balance on the first and final call.

Applications for 65,000 shares were received and allotment was made to all the applicants. A share holder R who was allotted 2000 shares failed to the allotment money, hence his shares were forfeited immediately. Afterwards the first and final call was made. S who had 3000 shares failed to pay the call money. His shares were also forfeited. Out of the forfeited shares 4000 shares were reissued at ₹50 per share fully paid up. The reissue included all shares of R. Pass necessary journal entries in the company's books. OR

KL Ltd invited applications for 80,000 Equity shares of ₹10 each at a premium of ₹40, per share. The amount was payable as follows:

On application ₹35 (including premium ₹30)

On allotment ₹8 (including premium ₹4) and

On first & final call the balance.

Applications for 77,000 shares were received. Shares were allotted to all the applicants. S to whom 7,000 shares were allotted, failed to pay the allotment money. His shares were forfeited immediately. Afterwards the first and final call was made. T the holder of 500 shares failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares, 1000 shares were reissued at ₹50 per share fully paid up. Before forfeiting the shares the company issued notices as per law. The reissue included all the shares of S.

Pass necessary journal entries in the books of KL ltd.

(8)

PART B

ANALYSIS OF FINANCIAL STATEMENTS

23. In Cash Flow Statements, match the following activities: (1)

A	B
i. Purchase of fixed assets	Operating activity
ii. Issue of share capital	Investing activity
iii. Dividend received by a financing company	Financing activity

24. Analysis of financial statements shows price level changes. Is it true? (1)

25. Assuming that current ratio is 2:1, the state giving reason whether the ratio will improve, decline or no changes will be there in case a Bill receivable is dishonoured. (1)

26. In _____ Statement of Profit & Loss _____ is taken as 100 and all other variables are expressed as its percentage. (1)

27. If operating cycle cannot be determined, it is assumed to be a period of _____. (1)

28. Purchase of goodwill by a finance company is classified as:

- a. Operating activity b. Investing activity c. Financing activity d. Extraordinary item. (1)

29. The statement that compares items of profitability of affirm of different periods of time is:

- a. Comparative statement of Profit and loss
 b. Comparative Balance sheet
 c. Common- size Statement of Profit and loss
 d. Common- size Balance sheet (1)

30. A. what is Comparative Income Statement?

B. From the following information, prepare Comparative Statement of Profit & loss:

Particulars	31.3.2019 (₹)	31.3.2018 (₹)
Revenue from operations	40,00,000	32,00,000
Employee benefit expenses	20,00,000	16,00,000
Other expenses	2,00,000	4,00,000
Tax rate	40%	40%

(1+2)

OR

COMMON SIZE BALANCE SHEET OF INDO LTD

As at 31st March 2018 and 2019

Particulars	Note number	Absolute amount □		Percentage of balance sheet total	
		31.03.18	31.03.19	31.03.18	31.03.19
Equities & liabilities					
Shareholders fund					
Share capital		5,00,000	?	33.33	41.67
Reserves & surplus		3,00,000	200,000	?	8.33
Non current liabilities					
Long term borrowings		5,00,000	?	33.34	33.33
Current liabilities					
Trade payables		2,00,000	?	13.33	16.67
Total		15,00,000	24,00,000	100.00	100.00
Assets					
Non current Assets					
Fixed tangible		10,00,000	?	66.67	62.50
Current Assets					
Cash & cash equivalents		5,00,000	?	33.33	37.50
Total		15,00,000	24,00,000	100.00	100.00

Complete the above blanks.

(3)

31. Current ratio is 2.5, Quick ratio is 1.5, working capital is □1,20,000, Gross profit@25% on Revenue from Operation is □1,00,000. Inventory turnover ratio 3 times. Calculate opening inventory, current liabilities, current assets and quick assets.

OR

On the basis of the following information, calculate: Debt to Equity ratio and Working capital turnover ratio.

Revenue from operations: a. cash sales □40,00,000, b. credit sales □20,00,000.

Cost of revenue from operations □35,00,000, other current assets □8,00,000,

Current liabilities □4,00,000, Paid up share capital □17,00,000, 6% Debentures

□3,00,000, 9% Bank Loan □7,00,000, Debenture redemption reserve □3,00,000,

Closing inventory □1,00,000.

(4)

32. Following is the balance sheet of GEC ltd, as at 31.3.2019. prepare Cash Flow Statement.

Particulars	Note number	31.3.19 (□)	31.3 18 (□)
Equities & Liabilities			
Shareholder's Fund			
Share capital		8,00,000	6,00,000
Reserves & Surplus	1	3,30,000	2,20,000
Non current Liabilities			
Long term Borrowings	2	1,60,000	1,00,000
Current Liabilities			
Trade payables		1,25,000	1,40,000
Short term provisions (provision for tax)		40,000	55,000
Total		14,55,000	11,15,000
Assets			
Non current Assets			
Fixed tangible	3	9,50,000	6,05,000
Non current Investments		1,35,000	1,00,000
Current Assets			
Current Investments (Marketable securities)		80,000	40,000
Trade Receivables		90,000	2,00,000
Cash & cash equivalents	4	2,00,000	1,70,000
Total		14,55,000	11,15,000

Notes to Accounts:

N.nu	Particulars	31.3.19 □	31.3.18 □
1.	Reserves & Surplus		
	Securities Premium reserve	10,000	---
	General reserve	1,50,000	1,20,000
	Surplus i.e. balance in the statement of P/L a/c	1,70,000	1,00,000
		3,30,000	2,20,000
2.	Long term Borrowings		
	10% Debentures	1,60,000	1,00,000
3.	Fixed Assets Tangible:		
	Machinery at cost	10,70,000	7,00,000
	Less: Accumulated depreciation	(1,20,000)	(95,000)
		9,50,000	6,05,000

4.	Cash and cash equivalents		
	Cash in hand	1,20,000	1,05,000
	Cash at bank	2,00,000	65.000

Addl Info:

- i. During the year, machinery costing ₹70,000 (accumulated depreciation ₹55,000) was sold at a profit of ₹10,000.
 - ii. At the end of the year, some Non- current Investments costing ₹40,000 were sold at a profit of 20%.
- (6)

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