

MODEL EXAMINATION – (DECEMBER – 2017)

SET-I

CLASS: XII

Subject: ACCOUNTANCY

Time: 3 hrs.

MAX. MARKS: 80

Name.....

Roll No.....

General Instructions:

1. This question paper consists of two *parts A and B*. This question paper has *8 Printed Pages*.
2. All parts of questions should be *attempted at one place*.
3. There are *23 questions* in this paper.

Part – A**(Accounting for Partnership Firm and Companies)**

1. A, B and C were partners in a firm sharing profits in the ratio of 3 : 2 : 1. B was guaranteed a profit of ₹ 2,00,000. During the year the firm earned a profit of ₹ 84,000. Calculate the net amount of Profit / Loss transferred to the capital accounts of A and C. 1
2. Suman and Sudha were partners in a firm sharing profits equally. Their fixed capitals were ₹ 50,000 and ₹ 25,000 respectively. The partnership deed provided interest on capital at the rate of 12% per annum. For the year ended 31st March, 2016, the profits of the firm were distributed without providing interest on capital. 1
Pass necessary adjustment entry to rectify the error.
3. Name the Act that provides for the maximum number of partners in a partnership firm. 1
What is the maximum number of partners that a partnership firm can have?
4. List the categories of individuals other than the minors who cannot become the members of a partnership firm. 1
5. Z Ltd. forfeited 1000 equity shares of ₹ 10 each for the non-payment of the final call of ₹ 2 per share. Calculate the maximum amount of discount at which these shares can be reissued. 1
6. ABC Ltd. purchased for cancellation its own 5,000, 9% Debentures of ₹ 100 each for ₹ 95 per debenture. Brokerage charges ₹ 15,000 were incurred. Calculate the amount to be transferred to capital reserve. 1
7. K K Limited obtained a loan of ₹ 10,00,000 from State Bank of India @ 9 % interest. The company issued ₹ 15,00,000, 9 % debentures of ₹ 100/- each, in favour of State Bank of India as collateral security. Pass necessary Journal entries for the above transactions: 3
(i) When company decided not to record the issue of 9% Debentures as collateral security.
(ii) When company decided to record the issue of 9% Debentures as collateral security.

8. Raj Motors Ltd. converted its 400, 12% debentures of ₹ 100 each issued at a discount of 6% into equity shares of ₹ 10 each issued at a premium of 25%. Discount on issue of 12% debentures had not yet been written off. Showing your working notes clearly, pass necessary journal entries for the above transactions in the books of Raj Motors Ltd. 3
9. P, Q, R and S were partners in a firm sharing profits in the ratio of 5 : 3 : 1 : 1. On 1st January, 2017, S retired from the firm. On S's retirement the goodwill of the firm was valued at ₹ 4,20,000. The new profit sharing ratio between P, Q and R will be 4 : 3 : 3. Showing your working notes clearly, pass necessary journal entry for the treatment of goodwill in the books of the firm on S's retirement. 3
10. Gagan Ltd. is registered with an authorised capital of ₹ 15,00,00,000 divided into 1,50,00,000 equity shares of ₹ 10 each. Subscribed and fully paid up share capital of the company was ₹ 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 ₹ 10 each and 2000, 12% debentures of ₹ 1,000 each. The issue of shares and debentures was fully subscribed. A shareholder holding 500 shares failed to pay the final call of ₹ 3 per share. Showing the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013. Also, identify any two values that the company wants to propagate. 3
11. A, B, C and D were partners sharing profits in the ratio of 1:2:3:4. D retired and his share was acquired by A and B equally. Goodwill was valued at 3 years' purchase of average profit of last 4 years, which was ₹ 40,000. General Reserve showed a balance of ₹ 1,30,000 and D's Capital in the Balance Sheet was ₹ 3,00,000 at the time of D's retirement. You are required to record necessary Journal entries in the books of the firm and prepare D's capital account on his retirement. 4
12. 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: 4
- | | <i>Year</i> | <i>Ratio</i> |
|--|---------------|--------------|
| | 31 March 2013 | 3:2:1 |
| | 31 March 2014 | 5:3:2 |
- You are required to give necessary adjusting entry on April 1, 2014.

13. L, M and N are partners in a firm sharing profits & losses in the ratio of 2 : 3 : 5. 6
 On April 1, 2016 their fixed capitals were ₹ 2,00,000, ₹ 3,00,000 and ₹ 4,00,000 respectively.
 Their partnership deed provided for the following:
- (i) Interest on capital @ 9% per annum.
 - (ii) Interest on Drawings @ 12% per annum.
 - (iii) Interest on partners' loan @ 12% per annum.
- On July 1, 2016, L brought ₹ 1,00,000 as additional capital and N withdrew ₹ 1,00,000 from his capital. During the year L, M and N withdrew ₹ 12,000, ₹ 18,000 and ₹ 24,000 respectively for their personal use. On January 1, 2017 the firm obtained a Loan of ₹ 1,50,000 from M. The Net profit of the firm for the year ended March 31, 2017 after charging interest on M's Loan was ₹ 85,000.
- Prepare Profit & Loss Appropriation Account and Partners Capital Account.
14. On April 1, 2013, XY Limited issued ₹ 9,00,000 10% debentures at a discount of 9%. The 6
 debentures were to be redeemed in three equal annual instalments starting from March 31, 2015. Prepare 'Discount on Issue of Debenture Account' for the first three years starting from April 1, 2013. Also show your workings clearly.
15. On 01-04-2013 NK Ltd. had 15,000, 9% Debentures of ₹ 100 each outstanding. 6
- (i) On 1-4-2014 the company purchased from the open market 5000 of its own debentures for ₹ 102 each and cancelled the same immediately.
 - (ii) On 1-4-2015 company redeemed at par debentures of ₹ 3,00,000 by draw of lot.
 - (iii) On 17-2-2016 the remaining debentures were purchased for immediate cancellation for ₹ 5,99,500.
- Ignoring debenture redemption reserve and interest on debentures, pass necessary journal entries for the above transactions in the books of the company.
16. (a) AX Limited forfeited 6,000 shares of ₹ 10 each for non-payment of First call of ₹ 2 per 8
 share. The Final call of ₹ 3 per share was yet to be made. The Final call was made after Forfeited of these shares. Of the forfeited shares, 4,000 shares were reissued at ₹ 9 per share as fully paid up. Assuming that the company maintains 'Calls in Advance Account' and 'Calls in Arrears Account', prepare "Share Forfeited Account" in the books of AX Limited.
- (b) BG Limited issued 2,00,000 equity shares of ₹ 20 each at a premium of ₹ 5 per share. The shares were allotted in the proportion of 5 : 4 of shares applied and allotted to all the applicants. Deepak, who had applied for 900 shares, failed to pay Allotment money of ₹ 7 per share (including premium) and on his failure to pay 'First & Final Call' of ₹ 2 per share, his shares were forfeited. 400 of the forfeited shares were reissued at ₹ 15 per share as fully paid up. Showing your working clearly, pass necessary Journal entries for the Forfeited and reissue of Deepak's shares in the books of BG Limited. The company maintains 'Calls in Arrears' Account'.
- (c) ML Limited forfeited 1,200 shares of ₹ 10 each allotted to Ravi for Non-payment of

‘Second & Final Call’ of ₹ 5 per share (including premium of ₹ 2 per share). The forfeited shares were reissued for ₹ 10,800 as fully paid up. Pass necessary Journal entries for reissue of shares in the books of ML Limited.

OR

‘Guru Limited’ invited applications for issuing 80,000 equity shares of ₹ 10 each at a premium of ₹ 10 per share. The amount was payable as follows :

On application and allotment – ₹ 10 (including ₹ 5 premium)

On first and final call – ₹ 10 (including ₹ 5 premium)

Applications for 1,00,000 share were received. Applications for 10,000 shares were rejected and application money was refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess application money received from applicants to whom shares were allotted on pro-rata basis was adjusted towards sums due on first and final call. All calls were made and were duly received except the first and final call money from Kumar who had applied for 1,800 shares. His shares were forfeited. The forfeited shares were re-issued at ₹ 9 per share as fully paid up.

Pass necessary journal entries for the above transactions in the books of ‘Guru Limited’.

17. O, R and S were partners in a firm sharing profits in the ratio of 3 : 2 : 1. On 1.4.2014 their Balance Sheet was as follows :

8

Liabilities	₹	Assets	₹
Current Accounts :		R's Current Account	7,000
O 4,000		Land and Building	1,75,000
S 6,000	10,000	Plant and Machinery	67,500
Capital Accounts :		Furniture	80,000
O 1,75,000		Investments	36,500
R 1,50,000		Bills Receivable	17,000
S 1,25,000		Sundry Debtors	43,500
General Reserve	4,50,000	Stock	1,37,000
Profit and Loss Account	15,000	Bank	43,500
Creditors	7,000		
Bills Payable	80,000		
	45,000		
	6,07,000		6,07,000

On the above date, H was admitted on the following terms :

- (i) H will bring ₹ 50,000 as his capital and will get 1/6th share in the profits.
- (ii) He will bring necessary cash for his share of goodwill premium. The goodwill of the firm was valued at ₹ 90,000.
- (iii) The new profit sharing ratio will be 2 : 2 : 1 : 1.
- (iv) A liability of ₹ 7,004 will be created against bills receivables discounted.
- (v) The value of stock, furniture and investments is reduced by 20%, whereas the value of

land and building and plant and machinery will be appreciated by 20% and 10% respectively.

- (vi) The Capital accounts of the partners will be adjusted on the basis of H's Capital through their current accounts.

Prepare Revaluation Account and Partners' Current Accounts and Capital Accounts.

OR

N, S and G were partners in a firm sharing profits and losses in the ratio of 2 : 3 : 5. On 31.3.2016 their Balance Sheet was as under :

Balance Sheet of N, S and G As on 31.3.2016

Liabilities	₹	Assets	₹
Creditors	1,65,000	Cash	1,20,000
General Reserve	90,000	Debtors	1,35,000
Capitals :		Less : Provision	<u>15,000</u>
N	2,25,000	Stock	1,50,000
S	3,75,000	Machinery	4,50,000
G	4,50,000	Patents	90,000
	10,50,000	Building	3,00,000
		Profit and Loss Account	75,000
	13,05,000		13,05,000

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

- Debtors of ₹ 6,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
- Patents will be completely written off and stock, machinery and building will be depreciated by 5%.
- An unrecorded creditor of ₹ 30,000 will be taken into account.
- N and S will share the future profits in 2 : 3 ratio.
- Goodwill of the firm on G's retirement was valued at ₹ 90,000.

Pass necessary journal entries for the above transactions in the books of the firm on G's retirement.

Part – B

(Analysis of Financial Statements)

- Give any two examples of cash inflows from operating activities other than cash receipts from sale of goods & rendering of services. 1
- The accountant of 'Nav Jeevan Limited' while preparing Cash Flow Statement added the proposed dividend of the current year to net profit while calculating cash flow from operating activities. Was he correct in doing so? Give reason. 1

20. Financial statements are prepared following the consistent accounting concepts, principles, procedures and also the legal environment in which the business organisations operate. These statements are the source of information on the basis of which conclusions are drawn about the profitability and financial position of a company so that their users can easily understand and use them in their economic decisions. 4

From the above statement identify any two values that a company should observe while preparing its financial statements. Also, state under which major headings and sub-headings the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013 :

- (i) Calls-in-arrears
- (ii) Calls-in-advance
- (iii) Gain on reissue of forfeited equity shares
- (iv) Trade payables to be settled beyond 12 months from the date of Balance Sheet.

21. (i) X Ltd. has a current ratio 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by Inventory is ₹ 24,000, calculate current assets and current liabilities. 4

- (ii) From the following information, calculate Inventory Turnover Ratio.

Revenue from Operations: ₹ 4,00,000, Average Inventory : ₹ 55,000, The rate of Gross Loss on Revenue from Operations was 10%.

22. From the following Statement of profit and loss of the Sakhi Ltd for the years ended 31st March 2016, prepare Comparative Statement of Profit & Loss. 4

STATEMENT OF PROFIT & LOSS for the years ended 31st March, 2016

Particulars	2014-15 (₹)	2015-16 (₹)
Revenue from operations	25,00,000	40,00,000
Expenses:		
(a) Employee benefit expenses were 5% of Revenue from operations		
(b) Other expenses	5,90,000	6,80,000
Rate of Tax 35%		

23. Following is the Balance Sheet of SN Ltd. as at 31-3-2015 :

6

SN Ltd. Balance Sheet as at 31-3-2015

Particulars	Note No.	31.3.2015 Amount (₹)	31.3.2014 Amount (₹)
I. Equity and Liabilities			
(1) Shareholders' Funds :			
(a) Share Capital		2,50,000	2,00,000
(b) Reserve and Surplus	1	1,00,000	(25,000)
(2) Non-current Liabilities :			
Long-term borrowings	2	2,25,000	2,50,000
(3) Current liabilities :			
(a) Short-term borrowings	3	75,000	25,000
(b) Short-term provisions	4	35,000	45,000
Total		6,85,000	6,85,000
II. Assets			
(1) Non-current Assets :			
(a) Fixed Assets			
(i) Tangible	5	5,01,500	3,60,000
(ii) Intangible	6	10,000	15,000
(b) Non-current Investments		50,000	37,500
(2) Current Assets :			
(a) Current Investments		25,000	30,000
(b) Inventories	7	53,500	22,500
(c) Cash and Cash Equivalents		45,000	30,000
Total		6,85,000	6,85,000

Notes to Accounts:

Note No.	Particulars	31.3.2015	31.3.2014
1	Reserves and Surplus (Surplus i.e. Balance in the statement of Profit and Loss)	1,00,000	(25,000)
		1,00,000	(25,000)
2	Long-term Borrowings : 12% Debentures	2,25,000	2,50,000
		2,25,000	2,50,000

3	Short-term Borrowings : Bank Overdraft	75,000	25,000
		75,000	25,000
4	Short-term Provisions : Provision for tax	35,000	45,000
		35,000	45,000
5	Tangible Assets : Machinery Accumulated Depreciation	6,01,500 (1,00,000)	4,10,500 (50,500)
		5,01,500	3,60,000
6	Intangible Assets : Goodwill	10,000	15,000
		10,000	15,000
7	Inventories : Stock in trade	53,500	22,500
		53,500	22,500

Additional Information :

(i) 12% Debentures were redeemed on 31-3-2015.

(ii) Tax ₹ 35,000 was paid during the year.

Prepare Cash Flow Statement.
