

First Mock Examination – December 2017

Roll No.

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Series SSR / 1

Code No. 055/ 1 / 3

- Please check that this question paper contains 5 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 23 questions.
- Please write down the serial number of the question before attempting it.

Accountancy

Class : XII

Time allowed : 3 hrs.

Date : 10-12-2017

Max marks : 80

PART-A –ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES.

- 1) A and B were partners in firm sharing profits and losses in the ratio of 4:3. They admitted C as a new partner. The new profit sharing ratio between A, B and C was 3:2:2. A surrendered $\frac{1}{4}$ of his share in favour of C. Calculate B's sacrifice. (1)
- 2) Distinguish between Charge against profit and Appropriation of profit on the basis of priority. (1)
- 3) A, B and C were partners sharing profits and losses in the ratio of 3:2:2. C retired and the amount due to him was ₹.85,000. He was paid ₹.5,000 immediately. The balance was payable in three equal annual installments carrying interest @6% p.a. Pass necessary Journal entry for recording the same on the date of C's retirement. (1)
- 4) What is meant by 'Private placement of shares?' (1)
- 5) X Ltd. invited applications for issuing 1000 equity shares of ₹. 100 each for the non-payment of first call of ₹.2 per share. The final call of ₹. 3 per share was yet to be made. Calculate the maximum amount of discount at which these shares can be reissued. (1)
- 6) State any two occasions for the dissolution of the firm on court's orders. (1)

- 7) Journalise the following transaction on redemption of debentures:
 (i) X Ltd redeemed ₹.1,90,000 ,14% Debentures of ₹.100 each issued at par by converting them into equity shares of ₹.10 each issued at a premium of 25%.
 (ii) AB Ltd. purchased its own 3,000 ,12% Debentures of ₹.100 each at ₹.96 per debenture for immediate cancellation. (3)
- 8) A,B,C and D are partners sharing profits and losses in the ratio of 4:3:3:2.Their fixed capitals on 31st March,2010 were ₹.1,20,000 ,1,80,000 ,2,40,000 and 1,80,000 .After preparing the final accounts for the year ended 31st March ,2010 it was discovered that interest on capital @12% was not allowed and interest on drawings amounted to ₹.4,000, 5000, 3,000 and 2,000 respectively was also not charged. Pass necessary adjustment entry showing your working clearly. (3)
- 9) Alpha Ltd. purchased machinery for ₹.10,00,000 from Beta Ltd .Half of the amount was paid by issuing 10% Debentures of ₹.100 each at a discount of 20% The balance was paid by issue of Equity shares of ₹.10 each at a premium of 25%.Pass necessary journal entries in the books of X Ltd. for these transactions. (3)
- 10) Journalise the following transaction at the time of issue of 12% Debentures:
 Bright Ltd. issued ₹.90,000, 12% Debentures of Rs.100 each at a discount of 5% redeemable at 110%. (3)
- 11) X, Y and Z were partners in a firm sharing profits in the ratio of 2:2:1 .The firm closes its books on 31st March every year. On 30th September, 2016 Y died. The partnership deed provided that on the death of a partner his executor will be entitled to the following.
 (i) Balance in his capital account and interest @ 12% p.a. on capital. On 1st April,2016 the balance in Y's capital account was ₹.1,00,000.
 (ii) His share in the profits of the firm in the year of his death which will be calculated on the basis of rate of net profit on sales of the previous year which was 25%.The sales of the firm till 30th September ,2016 were ₹.9,00,000.
 (iii) His share in the goodwill of the firm was valued at ₹.1,50,000.
 The partnership deed also provided that the following deductions will be made from the amount payable to the executor of the deceased partner:
 (i) His drawings in the year of his death. Y's drawings till 30th September,2016 were ₹.4,000.
 (ii) Interest on drawings @6%p.a which was calculated at ₹.120.
 Prepare Y's Capital Account. (4)
- 12) Alpha Ltd. is in a carpet weaving business and in the process of setting up a new unit. It decided to set up a new unit in Kashmir with a view to help the people through employment who lost heavily in the floods. It also decided to adopt a

school in the area and donated school furniture initially as it was completely destroyed. Alpha Ltd. had an authorized capital of ₹. 10,00,000 divided into equity shares of ₹.10 each. The company offered for subscription ₹.6,00,000 shares. The issue was fully subscribed .The amount payable on application was ₹.2 per share, ₹.4 per share were payable each on allotment and first and final call. A shareholder holding 600 shares failed to pay the allotment .His shares were forfeited. The company did not make the first and final call. Show how the 'Share capital' will be shown in the company's Balance sheet. Identify the value it has communicated to the society. (4)

- 13) A,B ,C and D were partners in a firm sharing profits in the ratio of 3:2:3:2.On 1st April,2016,their Balance sheet was as follows:

Liabilities	₹	Assets	₹
Capital:		Fixed Assets	8,25,000
A	2,00,000	Current Assets	3,00,000
B	2,50,000		
C	2,50,000		
D	3,10,000		
Sundry Creditors	90,000		
Workmen compensation reserve	25,000		
	11,25,000		11,25,000

From the above date partners decided to share the future profits in the ratio of 4:3:2:1.For this purpose the goodwill of the firm was valued at ₹.2,70,000.It was also considered that:

(i) The claim against Workmen compensation reserve has been estimated at ₹.30,000 and fixed assets will be depreciated by ₹.25,000.

(ii) Adjust the capitals of the partners according to the new profit sharing ratio by opening current Accounts of the partners.

Prepare Revaluation Account , Partner's capital Accounts and the Balance sheet of the reconstituted firm. (6)

- 14) A firm under dissolution has already transferred its various assets (other than cash) and all outside liabilities to Realisation Account. Firm has two partners X and Y. What entries will be passed for the following transactions:
- (a) There is furniture of ₹.50,000. X took 50% of the furniture at 10% discount and remaining furniture was sold at 30% profit on the book value.
- (b) Firm had unrecorded investment (Nominal value ₹.20,000), 70 % of investment were sold at a loss of 20% and remaining were taken by X, a partner, at 90%.
- (c) Y's loan of ₹.6,000 was discharged at ₹.6,400.

(d) One bill receivable for ₹.5,000 under discount was dishonoured as the acceptor had become insolvent and was unable to pay anything hence the bill had to be met by the firm.

(e) Creditors , to whom the firm owed ₹.6,000 ,accepted stock of ₹.5,000 at a discount of 5% and the balance in cash.

(f) Workmen compensation reserve does not exist in the books and firm has to pay ₹.10,000 as compensation to the workers. (6)

15) On 1st April,2014 ,AB Ltd. issued ₹.18,00,000,10% debentures at a discount of 9%.The debentures were to be redeemed in three equal installments starting from March 31,2016.Prepare 'Discount on issue of Debenture Account' for the first three years starting from April1,2014.Also show your workings clearly. (6)

16) X and Y were partners in a firm sharing profits in the ratio of 3:2.Their Balance sheet as at 31st March.2017 was as follows:

Balance sheet of X and Y as at 31st March,2017

Liabilities	₹	Assets	₹
Sundry creditors	86,000	Cash at bank	75,000
Employees provident fund	10,000	Cash in hand	2,000
Investments fluctuation reserve	4,000	Debtors 42,000	
Capital A/c's		Less: Provision for doubtful debts 7,000	35,000
X 1,19,000		Investments	21,000
Y 1,12,000	2,31,000	Building	98,000
		Plant & Machinery	1,00,000
	3,31,000		3,31,000

Z was admitted to the partnership with effect from 1st April,2017 on the following terms:

(a) Z will get 1/4th share in the profits of the firm.

(b) Z will bring ₹.50,000 as his share of capital.

(c) Building was appreciated by 20%.

(d) All debtors are good.

(e) There was a liability of ₹10,800 included in Creditors which has ceased to exist.

(f) Expenses on revaluation amount to ₹.7,400 and are paid by X.

(g) New profit sharing ratio will be 2:1:1

(h) Capital of X and Y will be adjusted on the basis of Z's share of capital and any excess or deficiency will be made by withdrawing or bringing in cash by the partners as the cash may be.

Prepare Revaluation Account, Capital Accounts of the partners and the Balance sheet of the new firm.

OR

A, B and C are partners sharing profits and losses in the ratio of 5:3:2. The Balance sheet of the firm as at 31st March, 2016 stood as follows:

Liabilities	₹	Assets	₹
Creditors	55,000	Cash	40,000
General reserve	30,000	Debtors	
Capitals		Less: Provision	40,000
A	1,50,000	Stock	50,000
B	1,25,000	Machinery	1,50,000
C	75,000	Patents	30,000
	3,50,000	Building	1,00,000
		Profit & loss A/c	25,000
	4,35,000		4,35,000

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

(i) Debtors of ₹.2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.

(ii) Patents will be completely written off and stock, machinery and building will be depreciated by 5%.

(iii) An unrecorded creditor of ₹.10,000 will be taken into account.

(iv) B and C will share the future profits in the ratio of 2:3.

(v) Goodwill of the firm on A's retirement was valued at ₹.3,00,000.

Pass necessary Journal entries for the above transactions in the books of the firm on A's retirement. (8)

17) XY Ltd. invited applications for issuing 50,000 equity shares of ₹.10 each at a premium of ₹.8 per share. The amount was payable as follows:

On Application – ₹ 4 per share (Including ₹.2 premium)

On Allotment – ₹.6 per share (Including ₹.3 premium)

On First call – ₹.5 per share (Including ₹1 premium); and

On Second and final call – Balance Amount.

The issue was fully subscribed. Gopal, the holder of 200 shares, did not pay the allotment money and Madhavan, the holder of 400 shares, paid his entire share money along with allotment money. Gopal's shares were forfeited immediately after allotment. Afterwards first call was made. Krishna, a holder of 100 shares failed to pay the first call money and Gridhar, a holder of 300 shares, paid the second call money also along with the first call. Krishna's shares were forfeited immediately after the first call. Second and final call was made afterwards. The whole amount due on second call was received. All the forfeited shares were reissued at ₹.9 per share fully paid – up. Pass Journal entries for the above transactions in the books of the company.

OR

(a) X Ltd forfeited 6,000 shares of ₹.10 each for non –payment of first call of ₹ 2 per share. The final call of ₹ 3 per share was yet to be made. Of the forfeited shares 4,000 shares were reissued at ₹.9 per share as fully paid up. Assuming that the company maintains 'Call in Advance Account' and ' Calls in Arrears Account ',prepare " Share Forfeited Account" in the books of X Limited.

(b) AB Ltd 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 Rs.15 per share as fully paid up. Showing your working clearly ,pass necessary journal entries for the forfeiture and reissue of Deepak's shares in the books of AB Ltd. The company maintains 'Calls in Arrears' Account'.

(c) XY Ltd forfeited 1,200 shares of ₹.10 each allotted to Ravi for non-payment '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 XY Ltd. (8)

PART B - ANALYSIS OF FINANCIAL STATEMENTS.

- 18) What is meant by 'Cash Equivalentents' ? (1)
- 19) Give an example of an activity, which is a financing activity for every type of enterprise. (1)
- 20) (a) Classify the following items under Major Head and Sub-Head (if any) in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.
(i) Capital Work in progress; and
(ii) Provision for warranties.
(b) State any two objectives of 'Analysis of Financial Statements'. (4)
- 21) The Quick Ratio of X Ltd. is 0.8 :1,
State with reasons whether the following transactions will increase ,decrease or not change the Quick ratio:
(i) Purchase of loose tools for ₹.2,000.
(ii) Sale of goods on credit ₹.3,000.
(iii) Insurance premium paid in advance ₹.500.
(iv) Honored a bills payable of ₹5,000 on maturity. (4)

- 22) From the following Statement of Profit and Loss of XY Ltd., for the years ended 31st March, 2015 and 2016, Prepare a Common –size statement: (4)

Particulars	Note No.	2015-16(₹)	2014-15(₹)
Revenue from Operations		50,00,000	40,00,000
Employee Benefit Expenses		20,00,000	14,00,000
Other Expenses		4,00,000	6,00,000
Tax rate 40%			

- 23) Following is the Balance sheet of XYZ Ltd. as at 31st March, 2016:

XYZ Ltd.

Balance sheet as at 31st March, 2016

PARTICULARS	NOTE NO.	31st March 2016 (₹)	31st March 2015 (₹)
I EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital		9,00,000	7,00,000
(b) Reserves and Surplus	1	2,50,000	1,00,000
2. Non-Current Liabilities			
Long Term Borrowings	2	4,50,000	3,50,000
3. Current liabilities			
(a) Short term Borrowings	3	1,50,000	75,000
(b) Short Term Provisions	4	2,00,000	1,25,000
TOTAL		19,50,000	13,50,000
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II ASSETS			
1. Non- Current Assets			
(a) Fixed Assets:			
(i) Tangible	5	14,65,000	9,15,000
(ii) Intangible	6	1,00,000	1,50,000
(b) Non- Current investments		1,50,000	1,00,000
2. Current Assets			
(a) Inventories	7	1,22,000	72,000
(b) Current investments		40,000	70,000
(c) Cash and Cash Equivalents		73,000	43,000
TOTAL		19,50,000	13,50,000
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Notes to Accounts:

Particulars	31st march 2016 (₹)	31st march 2015 (₹)
1. Reserves and Surplus Surplus, i.e., Balance in Statement of Profit & loss.	<u>2,50,000</u>	<u>1,00,000</u>
2. Long Term Borrowings 12% Debentures	<u>4,50,000</u>	<u>3,50,000</u>
3. Short term Borrowings Bank overdraft	<u>1,50,000</u>	<u>75,000</u>
4. Short term Provisions Proposed Dividend	<u>2,00,000</u>	<u>1,25,000</u>
5. Tangible Assets Machinery Accumulated Depreciation	16,75,000 <u>(2,10,000)</u> <u>14,65,000</u>	10,55,000 <u>(1,40,000)</u> <u>9,15,000</u>
6. Intangible Assets Goodwill	<u>1,00,000</u>	<u>1,50,000</u>
7. Inventories Stock –in -trade	<u>1,22,000</u>	<u>72,000</u>

Additional Information:

- (a) During the year a piece of machinery costing ₹ 80,000, on which accumulated depreciation was 40,000, was sold a loss of ₹.10,000.
- (b) ₹1,00,000, 12% Debentures were issued on 31st March,2016.
- Prepare a Cash Flow Statement. (6)

