

PRE-BOARD EXAMINATION –I (NOVEMBER – 2019)**CLASS: XII****ACCOUNTANCY****Time: 3 hrs.****MAX. MARKS: 80****General Instructions:**

- (i) This question paper contains two Parts A and B.
(ii) Part A is compulsory for all.
(iii) Part B has two options—Option I Analysis of Financial Statements and Option—II Computerised Accounting.
(iv) Attempt only one option of Part B.
(v) All parts of a question should be attempted at one place

PART A**ACCOUNTING FOR NOT-FOR-PROFIT ORGANISATIONS, PARTNERSHIP FIRMS AND COMPANIES**

- 1 Loan by Partners have to be paid at the time of dissolution of partnership firm before repayment of Partners' capital. Is it correct? 1
- 2 Interest on debentures is a charge against _____ and not an _____. 1
- 3 When a partner is admitted, he is entitled to share of 1
a) Past Profits
b) Present Profits
c) Future Profits
d) Reserve Appearing in the Balance Sheet
- 4 Gaining ratio is calculate at the time of 1
a) Retirement of partner only
b) Death of partner only
c) Admission of partner only
d) Change in the profit sharing ratio/retirement/death of a partner.
- 5 Mother Ltd. forfeited 300 shares of ₹10 each, fully called-up, held by Ram for non-payment of allotment money of ₹3 per share and final call money of ₹4 per share. Out of these shares, 250 shares were reissued to Shyam for ₹2000 as fully paid-up. The gain on re-issue is 1
a) ₹900
b) ₹400
c) ₹750
d) ₹250
- 6 Nimit is admitted into partnership for $\frac{1}{4}$ th share. Capitals are to be proportionate to profit sharing ratio. If the total capital of the firm is ₹450,000, Nimit will bring 1
a) ₹150,000
b) ₹120,000
c) ₹112,000
d) ₹100,000

- 7 Amar, Raman and Sharvan are partners sharing profits in the ratio of 5:3:2. They decide to share profits equally w.e.f. 1st April 2019. They prepare Revaluation Account as on that date which showed a loss of ₹ 135,000. Pass the Journal entry to distribute the loss. 1
- 8 Kavita, Savita and Ritika are partners sharing profits in equal proportion. Savita retired from the firm on 1st April, 2019 on which date investments existed in the books at ₹ 110,000 and had market value at ₹100,000. It also had Investment Fluctuation Reserve of ₹ 70,000. How much amount will be credited to Savita's Capital Account? 1
- 9 A partnership firm has 45 partners. It has to admit 7 more partners into partnership. It cannot admit more than 5 partners because_____ . 1
- 10 Gary and Hary are partners sharing profits in the ratio of 3:2. They admit Mary as partner for 1/5th share on 1st April 2019. On that date, goodwill existed in the balance sheet at ₹ 1,00,000. Pass the necessary journal entry. 1
- 11 Harman, partner of the firm had given loan of ₹100,000 on 1st April 2018. Interest on loan was agreed at 10% p.a. as against 6% p.a. prescribed in the Partnership Act, 1932. What will be the amount of interest payable to Harman for the year ended 31st March, 2019? 1
- 12 Subscription received during the year ended 31st march 2019 was ₹ 300,000. Subscription receivable (opening) was ₹ 25000 and Subscription receivable (closing) was ₹ 45000. What will be the amount of subscription credited to Income and Expenditure Account for the year ended 31st March 2019? 1
- 13 Unrecorded asset of ₹ 30,000 is taken by the partner and also undertakes to pay his wife's loan of ₹ 10,000 in settlement of her loan of ₹40,000 at the time of firm's dissolution. How much amount will be transferred to Realisation Account? 1
- 14 Show how will be the following items dealt while preparing final accounts of Queen's Club for the year ending 31st March, 2019: 3
 Expenditure on construction of Building ₹ 3,60,000. The construction work is in progress and has not yet completed.
 Opening Capital Fund : ₹ 10,80,000
 Opening Building Fund : ₹ 4,80,000
 Donation received for Building : ₹ 6,00,000
 Opening 10% Building Fund Investments : ₹ 4,80,000
 Interest received on Building Fund Investments : ₹ 48,000

OR

Distinguish between Receipts and Payments Account and Expenditure Account on the basis of

- a) Purpose
 - b) Nature of Items Shown
 - c) Adjustments
- 15 A, B, and C were partners sharing profits and losses in the ratio of 4 : 3 : 2 respectively. B retired when the capitals of A, B and C before the adjustments were ₹ 2,19,500, ₹ 1,14,000 and ₹1,16,500 respectively. On the date of retirement, firm's goodwill was valued at ₹ 2,16,000 and Loss on Revaluation of Assets and Reassessment of Liabilities was ₹ 27,000, General Reserve ₹ 63,000 and the Cash and Bank Balance on that date was ₹ 1,86,000. B was to be paid through amount brought by A and C in a manner that their capitals become proportionate to their new profit-sharing ratio of 5 : 3. Calculate the amount to be paid or to be brought by the continuing partners if minimum Cash and Bank Balance of ₹ 1,00,000 was to be maintained. All transactions are through Bank. Pass the necessary Journal entries. 4

OR

A, B and C are partners in a firm. Net profit of the firm for the year ended 31st March, 2019 is ₹30,000, which was distributed among the partners in their agreed ratio of 3:1:1. It is noticed on 10th April, 2019 that the under mentioned transaction were not passed through the books of an account of the firm for the year ended 31st March, 2019.

(a) Interest on capital @ 6% p.a., the capitals of A, B and C being ₹50,000; ₹40,000 and ₹30,000 respectively.

(b) Interest on drawings: A ₹350; B ₹250; C ₹150

(c) Partners' Salaries: A ₹5000; B ₹7500

(d) Commission due to A (for some special transactions) ₹3000

You are required to pass a Journal entry, which will not affect Profit and Loss Account of the firm and rectify the position of partners inter se.

16 Sure Ltd. has an authorized capital of ₹ 20,00,000 divided into equity shares of ₹ 10 each. The company invited applications for 60,000 shares. Applications were received for 58,000 shares. All calls were made and were duly received except the final call of ₹ 3 per share on 2,000 shares. These shares were forfeited. Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. 4

17 (a) Kumar and Raja are partners in a firm sharing profits in the ratio of 7 : 3. Their fixed capitals were: Kumar ₹ 9,00,000 and Raja ₹ 4,00,000. The Partnership Deed provided following: 4
(i) Interest on Capital @ 9% per annum.
(ii) Kumar's salary ₹ 50,000 per year and Raja's salary ₹ 3,000 per month.
But the profit for the year was distributed without providing for the above.
Profit for the year ended 31st March, 2019 was ₹ 2,78,000.
Pass adjustment entry.
(b) Give any one distinction between sacrificing ratio and gaining ratio.

18 X and Y were partners in a firm, sharing profits in the ratio of 2 : 3. On 31st March, 2019, their Balance Sheet was as follows: 4

Liabilities	₹	Assets	₹
Creditors	1,05,000	Bank	1,55,000
Workmen Compensation Reserve	1,00,000	Stock	1,00,000
Capital A/cs:		Furniture	1,00,000
X	2,00,000	Computers	50,000
Y	3,00,000	Land and Building	3,00,000
	<u>7,05,000</u>		<u>7,05,000</u>

The partners decided to dissolve the firm on 1st April, 2019. The assets and liabilities were settled as follows:

(i) X agreed to take Land and Building at ₹ 3,50,000 against payment.

(ii) Stock was sold for ₹ 90,000.

(iii) Creditors accepted furniture and computers in full settlement of their claims.

Pass necessary Journal entries for dissolution of the firm.

19 On 1st June, 2018, Max 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 prepare Loss on Issue of Debentures Account. 6

OR

(a) State the provisions of Debentures Redemption Reserve for companies that are not exempt.

(b) State Bank of India issued 6000 ; 10% Debentures of ₹100 each at a premium of 5% on 1st June, 2019 redeemable at par on 31st August 2020. The issue was fully subscribed. Pass the necessary entries for the issue and redemption of debentures.

20 Following is the Receipts and Payments Account of Literacy Club for the year ended 31st March, 2019: 6

Dr. RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2019 Cr.

Receipts	₹	Payments	₹
To Balance b/f	20,000	By Building	1,08,000
To Donation	1,00,000	By Match Expenses	900
To Life Membership Fees	8,000	By Furniture	5,100
To Receipts from Matches	16,000	By 10% Investments	32,000
To Subscriptions	10,400	By Salaries: Y/E 31st March, 2018	4,000
To Lockers' Rent	800	Y/E 31st March, 2019	10,000
To Interest on Investments	480	By Insurance	700
To Sale of Furniture (Book Value ₹ 1,600)	2,000	By Sundry Expenses	1,940
To Entrance Fees	6,000	By Balance c/f	1,040
	<u>1,63,680</u>		<u>1,63,680</u>

Additional Information:

- Subscriptions outstanding on 31st March, 2018 were ₹ 200 and on 31st March, 2019 were ₹ 1,380.
 - Outstanding salaries for the year ended 31st March, 2019 were ₹ 800 and outstanding sundry expenses were ₹ 600.
 - Donation includes ₹ 20,000 for general donations and balance for building.
 - 10% Investments were purchased on 1st July, 2018.
- Prepare Income and Expenditure Account of the Club for the year ended 31st March, 2019.

21 A, B and C are partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Their Balance Sheet as at 31st March, 2019 is as under: 8

Liabilities	₹	Assets	₹
Creditors	30,000	Cash in Hand	18,000
Bills Payable	16,000	Debtors	25,000
General Reserve	12,000	Less: Provision for Doubtful Debts	3,000
Capital A/cs:		Stock	18,000
A	40,000	Furniture	30,000
B	40,000	Machinery	68,000
C	30,000	Goodwill	12,000
	<u>1,10,000</u>		<u>1,68,000</u>
	<u>1,68,000</u>		<u>1,68,000</u>

B retired on 1st April, 2019 on the following terms:

- Provision for Doubtful Debts will be raised by ₹ 1,000.
- Stock will be reduced by 10% and Furniture by 5%.
- There is an outstanding claim for damages of ₹1,100 and it is to be provided in the books.
- Creditors will be written back by ₹ 6,000.
- Machinery be reduced by 5%.
- Out of the fire insurance premium paid during the year, ₹ 3,400 be carried forward as prepaid.
- Goodwill of the firm is valued at ₹ 24,000.
- B is paid his dues with the amount brought in by A and C in a manner that their capitals are in proportion to their new profit-sharing ratio of 3 : 2.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the New Firm. An adjustment for goodwill is made at the time of retirement of B.

OR

A and B are partners in a firm sharing profits in the ratio of 3 : 2. Their Balance Sheet as at 31st March, 2019 stood as under:

Liabilities	₹	Assets	₹
Capital A/cs:		Machinery	33,000
A	35,000	Furniture	15,000
B	30,000	Investments	20,000
General Reserve	10,000	Stock	23,000
Bank Loan	9,000	Debtors	19,000
Creditors	36,000	Less: Provision for Doubtful Debts	2,000
		Cash	12,000
	<u>1,20,000</u>		<u>1,20,000</u>

On 1st April, 2019, they admitted C into partnership for 1/4th share in the profits on the following terms:

- (i) C brings capital proportionate to his share. He brings ₹ 7,000 in cash as his share of goodwill.
- (ii) All debtors are good.
- (iii) Depreciate stock by 5% and furniture by 10%.
- (iv) An outstanding bill for repairs ₹ 1,000 will be brought in the books.
- (v) Half of the investments were to be taken over by A and B in their profit-sharing ratio at book value.
- (vi) Bank loan is paid off.
- (vii) Partners agreed to share future profits in the ratio of 3 : 3 : 2.
- (viii) A and B decided to allow a salary of ₹ 50,000 per annum for the extra efforts and time devoted by him to the business.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet after admission of C into the partnership

- 22 Sun Ltd. invited applications for 2,00,000 Equity Shares of ₹ 100 each at a premium of ₹ 10 per share. The amount was payable as follows:

8

On application ₹ 40 per share (including premium), on allotment ₹ 30 per share and the balance on first and final call.

Applications for 3,00,000 shares were received. Applications for 40,000 shares were rejected and pro rata allotment was made to the remaining applicants. Ramesh who was allotted 2,000 shares, failed to pay the allotment and first and final call money. His shares were forfeited. The forfeited shares were reissued at ₹ 90 per share as fully paid-up.

Pass necessary Journal entries in the books of company.

OR

Sangam Ltd. invited applications for 80,000 equity shares of ₹ 10 each at par. The amount was payable as follows:

On Application : ₹ 2;

On Allotment : ₹ 4; and

On First and Final Call : ₹ 4.

Applications for 1,00,000 shares were received. Allotment was made on pro rata basis to all the applicants. Excess money received on applications was adjusted on sums due on allotment. Satnam, who had applied for 1,000 shares, failed to pay the allotment money and his shares were immediately forfeited. Harnam did not pay the first and final call on 800 shares allotted to him. His shares were also forfeited. All the forfeited shares were reissued at ₹ 12 per share as fully paid-up.

Pass necessary Journal entries in the books of Sangam Ltd. for the above transactions.

Also show your workings.

PART B

ANALYSIS OF FINANCIAL STATEMENTS

- 23 What is the effect of Provision for doubtful debts on Quick Ratio? 1
- 24 Comparison of values of one period with those of another period for the same firm is 1
(a) Intra-firm comparison.
(b) Inter-firm comparison.
(c) Pattern comparison.
(d) Trend comparison
- 25 While preparing Common-size Balance Sheet, each item of Balance Sheet is expressed as % of 1
(a) Non-current Assets.
(b) Current Assets.
(c) Non-current Liabilities.
(d) Total Assets.
- 26 Vertical analysis is conducted for two or more accounting periods. Is it correct? 1
- 27 Why is short term solvency of an enterprise important for creditors? 1
- 28 Is it correct that Dividend Paid is a Financing Activity for both Financial Companies and Non-Financial Companies? 1
- 29 In Cash Flow Statement, match the following activities:
(i) Receipt of Dividend (a) Financing Activity
(ii) Purchase and Sale of Securities by Bank (b) Investing Activity
(iii) Buy Back of own shares (c) Operating Activities
- 30 (a) Calculate values of Opening and Closing Inventories from the following information: 4
Revenue from Operations: ₹ 6,00,000; Gross Profit Ratio = 25%. Inventory Turnover Ratio = 5 Times. Closing Inventory is ₹ 12,000 more than the Opening Inventory.

(b) Net profit after interest and tax ₹ 1,00,000; Current Assets ₹ 4,00,000; Current Liabilities ₹ 2,00,000; Tax Rate 20%; Fixed Assets ₹ 6,00,000; 10% Long-term debt ₹ 4,00,000.
Calculate Return on Investment.

OR

(a) ₹ 100,000 is cost of Revenue from operations; Inventory Turnover ratio 4 times; Inventory in the beginning is 1.5 times more than the Inventory at the end. Calculate values of opening and closing inventory.

(b) From the following information, calculate Trade Receivables Turnover ratio:

Cost of Revenue from Operations : ₹ 600,000

Gross Profit on cost : 25%

Opening Debtors: ₹ 100,000

Closing Debtors : ₹ 200,000

Cash Sales : 20% of Total Sales

- 31 Prepare Common-size Balance Sheet from the following information: 4
- | | 31st March,
2019 (₹) | 31st March,
2018 (₹) |
|---------------------|-------------------------|-------------------------|
| Shareholders' Funds | 9,00,000 | 6,00,000 |

Non-current Liabilities	3,00,000	3,00,000
Current Liabilities	3,00,000	1,00,000
Non-current Assets	0,50,000	7,00,000
Current Assets	4,50,000	3,00,000

OR

From the following Statement of Profit and Loss of the Sakhi Ltd. for the year ended 31st March, 2019, prepare Comparative Statement of Profit and Loss:

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2019

Particulars	31st March, 2018 (₹)	31st March, 2019 (₹)
I. Revenue from Operations	25,00,000	40,00,000
II. Expenses:		
Employee Benefit Expenses (5% of Revenue from Operations)
Other Expenses	5,90,000	6,80,000
III. Rate of Tax 35%

32 (a) From the following information, calculate Cash Flow from Investing Activities:

6

Particulars	Closing (₹)	Opening (₹)
Machinery (At cost)	4,20,000	4,00,000
Accumulated Depreciation	1,10,000	1,00,000
Patents	1,60,000	2,80,000

Additional Information:

- (i) During the year, a machine costing ₹ 40,000 with its accumulated depreciation of ₹ 24,000 was sold at a profit of 25% of book value.
- (ii) Patents were written off to the extent of ₹ 40,000 and some patents were sold at a profit of ₹ 20,000.

(b) From the following information, calculate Cash Flow from Financing Activities:

Particulars	31st March, 2019 (₹)	31st March, 2018 (₹)
Equity Share Capital	15,00,000	10,00,000
10% Debentures	...	1,00,000
8% Debentures	2,00,000	...

Additional Information:

- (i) Interest paid on Debentures ₹ 10,000.
- (ii) Dividend paid ₹ 50,000.
- (iii) During the year 2018–19, company issued bonus shares in the ratio of 2 : 1 by capitalizing reserve.
