

**FIRST PRE BOARD EXAMINATION (2019-20)**

**CLASS: XII**

**Subject: ACCOUNTANCY**

**Date: 08.12.2019**

Time Allowed: 3 Hours

Maximum Marks: 80

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General instructions:

- (1) All questions are **compulsory**.
- (2) Marks are indicated against each question.
- (3) Please check that this question paper contains 14 printed pages only.
- (4) Please check that this question paper contains 32 questions.

**PART A**

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

1. How will be the following shown in the financial statements? 1  
Prize Fund 50,000  
Prize Fund Interest 5,000  
Prizes Distributed 75,000.
2. At what rate is interest, payable on the amount remaining unpaid to the executor of deceased partner, in absence of any agreement among partners, when (s) he opts for interest and not share of profit? 1
  - a. 12% p.a.
  - b. 8% p.a.
  - c. 6%p.a.
  - d. 7.5%p.a.
3. Partnership Deed provides to pay remuneration @2% of net sales to each partner Anil and Sunil. Net Sales and Net Loss for the year are 10,00,000 and 1,00,000 respectively. How much remuneration will be paid to Anil and Sunil? 1
4. Amar, Raman and Sharvan are partners sharing profits in the ratio of 5:3:2. They decide to share profits equally w.e.f 1<sup>st</sup> April,2019. They prepare Revaluation Account as on that date which showed a loss of 1,35,000. 1

- Pass the Journal entry to distribute the loss.
5. Karan withdraws 10,000 per month in the beginning of each month. Calculate Interest on Drawings, if the rate of interest is 10%p.a. 1
  6. X and Y are partners with capitals of 1,30,000 and 90,000 respectively. They admit Z as a partner for 1/5<sup>th</sup> share in the profits of the firm. Z brings 80,000 as his capital for his share. Value of goodwill is 1
    - a. 4,00,000
    - b. 1,80,000
    - c. 1,00,000
    - d. 2,40,000
  7. Match the following: 1
 

Group A	Group B
1. Dissolution of Firm	a. Appear in Balance Sheet
2. Credit Balance in Realisation Account	b. Realisation Account
3. Reserve Fund for Distribution	c. Gain on Realisation
  8. Give the Journal entry to distribute ' Workmen Compensation Reserve' of 1,20,000 at the time of retirement of Mohan, when there is no claim against it. The firm has three partners Ram, Shyam and Mohan. 1
  9. Firm's assets shall be applied first in payment of 1
    - a. Partner's debts to third parties.
    - b. Partner's Loans
    - c. Partner's Capital
    - d. Firm's Debt
  10. Rohit and Virat were partners sharing profits equally. They admit Rishab as partner for equal share who is unable to bring his share of goodwill of 1,00,000. Pass the journal entry. 1
  11. Profit and Loss Appropriation Account is prepared to give effect to: 1
    - a. Partnership Act,1932.
    - b. Partnership Act 1932 and Partnership Deed.
    - c. Partnership Deed.
    - d. Partnership Deed and other Agreements.

12. A portion of share capital that is reserved by the company and will be utilized only on the happening of winding up of the company is called ----- 1
13. A company has to redeem 20,000, 8% Debentures of 100 each on 31<sup>st</sup> January, 2019. It should make investments of ----- in specified securities on or before ----- 1
14. From the following , compute Advance Subscription as on 31<sup>st</sup> March,2019 : 3
- A club has 39 members, each paying an annual subscription of 600.
  - Subscription received during the year 30,000.
  - Subscription received in Advance as at 31<sup>st</sup> March,2018 6,000.
  - Subscription outstanding as at 31<sup>st</sup> March, 2019 5,400.
  - Subscription outstanding as at 31<sup>st</sup> March,2018 10,800.
  - Subscription of 4,200 are still in arrears for the year 2017-18.

**OR**

On the basis of the information given below, calculate the amount of stationery to be debited to Income and Expenditure Account of Youth Sports Club for the year ended 31<sup>st</sup> March,2019:

Particulars	1 <sup>st</sup> April, 2018 ( )	31 <sup>st</sup> March,2019 ( )
Stock of Stationery	40,000	30,000
Creditors for Stationery	45,000	55,000

Stationery purchased during the year ended 31<sup>st</sup> March, 2019 was 2,35,000.

15. Meera, Sarthak and Rohit were partners sharing profits in the ratio of 2:2:1. On 31<sup>st</sup> March,2018 , their Balance Sheet was as follows: 4
- BALANCE SHEET OF MEERA, SARTHAK AND ROHIT**  
As at 31<sup>st</sup> March,2018

Liabilities		Assets	
Creditors	3,00,000	Fixed Assets	7,00,000

Contingency Reserve Capitals:	1,00,000	Stock Debtors	2,00,000 1,50,000
Meera	4,00,000	Cash at bank	3,50,000
Sarthak	3,50,000		
Rohit	2,50,000		
	<b><u>14,00,000</u></b>		<b><u>14,00,000</u></b>

Sarthak died on 15<sup>th</sup> June, 2018. According to the Partnership Deed, his executors were entitled to:

1. Balance in his Capital Account.
2. His share of goodwill will be calculated on the basis of thrice the average of the past 4 years' profits.
3. His share in profits up to the date of death on the basis of average profits of the last two years. The time period for which he survived in the year of death will be calculated in months.
4. Interest on capital @12% p.a. up to the date of his death.

The firm's profits for the last four years were:

2014-15 1,20,000, 2015-16 2,00,000, 2016-17 2,60,000 and 2017-18 2,20,000.

Sarthak's executors were paid the amount due immediately. Prepare Sarthak's Capital Account to be presented to his executors.

16. A, B and C were partners sharing profits and losses in the ratio of 4:3:2. 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 by 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 31<sup>st</sup> March, 2019 is 30,000, which was

distributed among the partners in their agreed ratio of 3:1:1. It is noticed on 10<sup>th</sup> April,2019 that the undermentioned transactions were not passed through the books of account of the firm for the year ended 31<sup>st</sup> March,2019.

- a. Interest on Capital @6% per annum, 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 5,000; B 7,500
- d. Commission due to A (for some special transaction) 3,000.

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.

17. 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. 4

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.

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

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

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

1. X agreed to take Land & Building at 3,50,000 against payment.

2. Stock was sold for 90,000.
3. Creditors accepted furniture and computers in full settlement of their claims

Pass necessary Journal entries for dissolution of the firm.

19. From the following information prepared from Cash Book of Gymkhana Club, prepare Income and Expenditure Account for the year ended 31<sup>st</sup> March,2019 and Balance Sheet as on that date: 6

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31<sup>st</sup> March,2019**

Receipts		Payments	
To Balance b/d	4,800	By General Expenses	2,160
To Annual Subscription	6,520	By Salaries and Wages	2,200
To Life Membership Fees	1,000	By Furniture	3,200
To Entrance Fees	4,960	By Rent and Taxes	2,240
To Interest on Investment (Investment on 31 <sup>st</sup> March,2018: 10,000)	570	By Stationery	500
To Sundry Receipts	320	By Balance c/d	7,870
	<b><u>18,170</u></b>		<b><u>18,170</u></b>

Adjustments:

- a. Annual Subscription 1,200 is outstanding.
  - b. General expenses 450 is outstanding and wages 800 outstanding.
  - c. The opening and closing balances of stationery are 2,000 and 750 respectively.
  - d. Life Membership Fee will be capitalized.
  - e. Accrued interest on investment 190.
20. Z Ltd. was formed with authorized capital of 20,00,000 divided into equity shares of 10 each. It issued 5,000 equity shares to promoters for incorporating the company. 2

It subsequently purchased a running business from Y Ltd for 6,00,000 payable 10% by cheque and balance by the issue of fully paid 10% Debentures of 100 each at a premium of 20%. The assets and liabilities were as follows: Building 3,00,000; Plant and Machinery 1,00,000; Stock 2,00,000 ; Sundry Debtors 1,00,000; Sundry Creditors 80,000.

Pass necessary Journal entries in the books of Z Ltd.

**OR**

Pass the necessary Journal entries for the issue of debentures in the following cases:

- a. 40,000, 9% Debentures of 100 each issued at a par redeemable at 10% premium.
  - b. 90,000, 9% Debentures of 100 each issued at a discount of 5% redeemable at a premium of 10%.
  - c. 10,000, 9% Debentures of 100 each issued at a premium of 10 and redeemable at a premium of 10% after five years.
21. A and B are partners in a firm sharing profits in 2:1 ratio. They admitted C for  $\frac{1}{4}$  th share in profits on 1<sup>st</sup> April, 2019. C was to bring 30,000 as capital and capitals of A and B were to be adjusted in the profit sharing ratio on the basis of C's Capital. The Balance Sheet of A and B as at 31<sup>st</sup> March, 2019 ( before C's admission ) was:

Liabilities		Assets	
Sundry Creditors	20,000	Cash	2,000
Bills Payable	19,000	Sundry Debtors	50,000
General Reserve	6,000	Stock	10,000
Workmen Compensation Reserve	10,000	Machinery	25,000
Capital A/cs:		Building	40,000
A	50,000	Goodwill	10,000
B	32,000		
	<b><u>1,37,000</u></b>		<b><u>1,37,000</u></b>

Other terms of agreement were :

- a. C will bring 12,000 for his share of goodwill.
- b. Building was valued at 45,000 and Machinery at 23,000.

- c. A Provision of Doubtful Debts was created @ 6% on Sundry Debtors.
- d. X, an old customer whose account was written off as bad promised in writing to pay 3,500 in settlement of his full debt 5,000.
- e. Revaluation expenses paid by the firm were 3,500.
- f. Capital Accounts of A and B were adjusted by opening Current Accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of A,B and C.

**OR**

Lisa, Monika and Nisha were partners in a firm sharing profits and losses in the ratio of 2:2:1. On 31<sup>st</sup> March,2019, their Balance Sheet was as follows:-

BALANCE SHEET OF LISA, MONIKA AND NISHA as at 31<sup>st</sup> March,2019

Liabilities		Assets	
Trade Creditors	1,60,000	Land & Building	10,00,000
Bills Payable	2,44,000	Machinery	12,00,000
Employees' Provident Fund	76,000	Stock	10,00,000
Capitals:		Sundry Debtors	4,00,000
Lisa	14,00,000	Bank	40,000
Monika	14,00,000		
Nisha	3,60,000		
	<b><u>36,40,000</u></b>		<b><u>36,40,000</u></b>

On 31<sup>st</sup> March, 2019, Monika retired from the firm and the remaining partners decided to carry on the business. It was agreed that :

- a. Land and building be appreciated by 2,40,000 and machinery be depreciated by 10%.
- b. 50% of the stock was taken over by the retiring partner at book value.
- c. Provision for doubtful debts was to be made at 5% on debtors.
- d. Goodwill of the firm be valued at 3,00,000 and Monika's share of goodwill be adjusted in the accounts of Lisa and Nisha.



e. The total capital of the new firm be fixed at 27,00,000 which will be in the proportion of the new profit sharing ratio of Lisa and Nisha. For this purpose, Current Accounts of the partners were to be opened. Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm on Monika's retirement.

22. DF Ltd invited applications for issuing 50,000 shares of 10 each at a premium of 2 per share. The amount was payable as follows:

On Application : 3 per share (including premium 1)

On Allotment : 3 per share (including premium 1)

On First call : 3 per share

On Second and Final Call: Balance amount

Applications for 70,000 shares were received. Allotment was made on the following basis:

Applications for 5,000 shares-----Full

Applications for 50,000 shares----90%

Balance of the applications were rejected. 1,20,000 were received on account of allotment. The amount of allotment due from the shareholders to whom shares were allotted on pro rata basis was fully received. A few shareholders to whom shares were allotted in full, failed to pay the allotment money. 1,20,000 were received on first call.

Directors decided to forfeit those shares on which allotment and call money was due. Half of the forfeited shares were reissued @ 8 per share fully paid up. Final call was not made.

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

**OR**

EF Ltd invited applications for issuing 80,000 equity shares of 50 each at a premium of 20%. The amount was payable as follows:-

On Application : 20 per share (including premium 5)

On Allotment : 15 per share (including premium 5)

On First Call : 15 per share

On Second and Final call : Balance amount

Applications for 1,20,000 shares were received.

Applications for 20,000 shares were rejected and pro rata allotment was made to the remaining applicants.

Seema , holding 4,000 shares failed to pay the allotment money. Afterwards the first call was made. Seema paid allotment money along with the first call. Sahaj who had applied for 2,500 shares failed to pay the first call money. Sahaj's shares were forfeited and subsequently reissued to Geeta for 60 per share, 50 per share paid up.

Final call was not made.

Pass necessary Journal entries for the above transactions in the books of EF Ltd by opening Calls-in- Arrears Account.

### PART B

### ANALYSIS OF FINANCIAL STATEMENTS

23. Which of the following item is not deducted in the Net Profit before Tax and Extra -ordinary items to compute Operating Profit before Working Capital changes? 1
- a. Profit on sale of Investment
  - b. Rent received
  - c. Sale of Plant
  - d. Interest and Dividend received
24. Assuming Debt-Equity Ratio is 2:1, fixed assets on 3 months credit is purchased. State the impact on ratio with reason. 1
25. The analysis of financial variables of a firm over a period of time is called----- . 1
26. Mining Rights are shown as Intangible Fixed Assets in the Balance Sheet. Is it correct? 1
27. Metro Ltd on 1<sup>st</sup> October, 2018 issued 10,000 ,9% Debentures of 100 each at a discount of 10% and redeemable at a premium of 5%. Calculate Cash Flow from Financing Activity. 1
28. In Cash Flow Statement, match the following activities: 1

a. Receipt of Dividend	A Financing Activities
b. Purchase and sale of Securities, by a Financing Company	B. Investing Activities
c. Buy Back of Own Shares	C. Operating Activities

29. While preparing Common –size Balance Sheet, each item of Balance Sheet is expressed as % of 1
- Non-current Assets
  - Current Assets
  - Non-current Liabilities
  - Total Assets.

30. a. X ltd has a Current Ratio of 3:1 and Quick Ratio of 1.2:1. 3  
If the Working Capital is 1,80,000, calculate the value of Current Assets and Inventory.
- b. From the following information, calculate Inventory Turnover Ratio:  
Revenue from Operations : 4,00,000  
Gross Profit: 25% of Cost;  
Inventory in the beginning is 1/3<sup>rd</sup> of the Closing Inventory which is 30% of Revenue from Operations.

**OR**

From the following information, calculate Net Profit Ratio:

Revenue from Operations	10,00,000
Gross Profit	4,00,000
Salaries and Wages	90,000
Advertisement Expenses	20,000
Interest	10,000
Rent (Income)	1,20,000

31. From the following information, prepare Comparative Balance Sheet of HMSC Ltd: 4

Particulars	31 <sup>st</sup> March,2019 ( )	31 <sup>st</sup> March,2018 ( )
Shareholders' Fund	44,40,000	24,00,000
Non-Current Liabilities	12,00,000	12,00,000
Current Liabilities	3,60,000	4,00,000
Non-Current Assets	50,40,000	28,00,000
Current Assets	9,60,000	12,00,000

**OR**

Particulars	N o t	Absolute amounts	Percentage of Balance Sheet Total

	e	N	c		
I EQUITY AND LIABILITIES					
1. Shareholders' Funds					
a. Share Capital	5,00,000	?		33.34	41.67
b. Reserves & Surplus	3,00,000	2,00,000		?	8.33
2. Non-Current Liabilities					
Long-term Borrowings	5,00,000	?		33.33	33.33
3. Current Liabilities					
Trade Payables	2,00,000	?		13.33	16.67
<b>TOTAL</b>	<b><u>15,00,000</u></b>	<b><u>24,00,000</u></b>		<b><u>100</u></b>	<b><u>100</u></b>
II ASSETS					
1. Non-Current Assets					
Fixed Assets- Tangible Assets	10,00,000	?		66.67	62.50
2. Current Assets					
Cash and Cash Equivalents	5,00,000	?		33.33	37.50
<b>TOTAL</b>	<b><u>15,00,000</u></b>	<b><u>24,00,000</u></b>		<b><u>100</u></b>	<b><u>100</u></b>

Complete the above Common -Size Balance Sheet.

32. Following is the Balance Sheet of X Ltd. As at 31<sup>st</sup> March,2018:

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**BALANCE SHEET OF X LTD as at 31<sup>st</sup> March,2018**

Particulars	No te No	31 <sup>st</sup> March,2018 ( )	31 <sup>st</sup> March,2017 ( )
<b>I EQUITY AND LIABILITIES</b>			
1. Shareholders' Funds			
a. Share Capital		19,00,000	17,00,000
b. Reserves and Surplus	1	6,00,000	3,00,000
2. Non-Current Liabilities			
Long-term Borrowings	2	5,00,000	4,00,000
3. Current Liabilities			
a. Short term Borrowings	3	1,70,000	1,75,000
b. Short term Provisions	4	2,00,000	1,65,000
<b>TOTAL</b>		<b><u>33,70,000</u></b>	<b><u>27,40,000</u></b>
<b>II. ASSETS</b>			
A. Non -Current Assets			
a. Fixed Assets:			
1. Tangible Assets	5	24,00,000	19,00,000
2. Intangible Assets	6	2,00,000	3,00,000
b. Non -current Investments		3,00,000	2,00,000
B. Current Assets			
(1) Current Investments		1,40,000	1,70,000
(2) Inventories		2,60,000	1,30,000
(3) Cash & Cash Equivalents		70,000	40,000
<b>TOTAL</b>		<b><u>33,70,000</u></b>	<b><u>27,40,000</u></b>


### Notes to Accounts

Particulars	31 <sup>st</sup> March,2018 ( )	31 <sup>st</sup> March,2017 ( )
1. Reserves & Surplus Surplus,i.e Balance in Statement of Profit and Loss	6,00,000	3,00,000
	6,00,000	3,00,000
2. Long-term Borrowings 12% Debentures	5,00,000	4,00,000
3. Short term Borrowings Bank Overdraft	1,70,000	1,75,000
4. Short term Provisions Provision for Tax	2,00,000	1,65,000
5. Tangible Assets Machinery Accumulated Depreciation	26,00,000 (2,00,000)	20,00,000 (1,00,000)
	24,00,000	19,00,000
6. Intangible Assets Goodwill	2,00,000	3,00,000

#### Additional Information:

- 1,00,000, 12% Debentures were issued on 1<sup>st</sup> April,2017.
- During the year, a piece of machinery costing 80,000 on which accumulated depreciation was 40,000 was sold at a gain of 10,000.

Prepare a Cash Flow Statement.