

Pre-Board Examination 1- 2019-20
Sub: ACCOUNTANCY (055)

Class: XII

Date:

Marks: 80

Time: 3 hrs.

General Instructions:

- i. This question paper contains two parts – A and B.
- ii. Both parts are compulsory for all.
- iii. All parts of a question should be attempted at one place.

PART - A

State whether the following is true or false: (1 x 5 = 5)

1. Sleeping partner are those who do not take part in conduct of the business. 1
2. Government grant received by a school for scholarship is revenue receipt. 1
3. The retiring partner's capital account is debited with his/her share of goodwill and remaining partner's capital account is credited. 1
4. Securities premium money can be utilized to issue fully paid Bonus shares. 1
5. The payment of interest on debentures is a charge on profits of a company. 1

Fill in the blank : (1 x 2 = 2)

6. Revaluation account is a _____ account. 1
7. Mohan withdrew Rs. 4,000 per month at the beginning of every month. Firm closes its accounts on 31st March. Rate of interest charged on drawings is 12% p.a. Amount of interest on drawing will be Rs. _____. 1

MCQ: (1 x 4 = 4)

8. Interest on capital will be paid to the partners if provided for in the partnership deed but only out of
a) Profits b) Reserves c) Accumulated Profits d) Goodwill 1

9. Weighted average method of calculating goodwill is used when
- a) Profits are not equal b) Profits show a trend
c) Profits are fluctuating d) none of the above
- 1

10. The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called
- a) Surplus b) Super profits c) Reserve d) Goodwill
- 1

11. The portion of authorized capital which can be called up only on the liquidation of the company :-
- (a) Authorised capital (b) Reserve capital (c) Issued capital (d) Called up capital
- 1

Match the following (1 x 2 = 2)

12. Match the assets in List I with the types of assets in List II using the codes given
- 1

List I (Assets)	List II (Types of Assets)
1. Land & Building	a) Fictitious Assets
2. Profit and Loss Account (Dr.)	b) Wasting Assets
3. Mines	c) Fixed Assets
4. Goodwill	d) Intangible

13. Match the following items:
- 1

1. At the time of forfeiture of shares, Share Capital is debited with	a) Amount received
2. At the time of forfeiture of shares, share Forfeiture is Credited with	b) Amount not received
3. At the time of forfeiture of shares, Calls in Arrear is credited with	c) Amount demanded
4. First call money sent on allotment by a shareholder is known as	d) Calls in advance

14. From the following information of a not for profit organization, show the 'sports material' items in the 'Income and Expenditure Account' for the year ending 31st March, 2009 and the Balance Sheets as at 31st March 2008 and 31st March, 2009.

Particulars	31 st March, 2008	31 st March, 2009
Stock of Sports Material	2,200	5,800
Creditors for sports material	7,800	9,200
Advance to suppliers for sports material	15,000	25,000

Payment to supplies for the sports material during the year was Rs.1,20,000. 3

(OR)

How the following items for the year ended 31st March, 2018 will be presented in the financial statements of Ashoka Club :

Particulars	Debit Amount	Credit Amount
Tournament Fund		1,50,000
Tournament Fund Investment	1,50,000	
Income from Tournament Fund		
Investment		18,000
Tournament Expenses	12,000	

15. A and B are partners sharing profits in the ratio of 3:2. They decided to admit C as partner on 1st April, 2018 on the following terms :

- C will be given 2/5th share of the profit.
- Goodwill of the firm be valued at two years' purchase of three years' normal average profit of the firm.

Profits of the previous three years ended 31st March, were:

2018 – Profit ₹ 30,000 (after debiting loss of stock by fire Rs. 40,000)

2017 – Loss ₹ 80,000 (includes voluntary retirement compensation paid Rs. 1,10,000)

2016 – Profit Rs 1,10,000 (including a gain of Rs 30,000 on the sale of fixed asset)

You are required to value the goodwill.

4

16. X ltd. took over the following assets and liabilities of Y ltd:

Land & building Rs. 20,00,000; Stock Rs. 5,00,000; Sundry Debtors Rs. 2,50,000 and Sundry Creditors Rs. 2,00,000.

X ltd. paid purchase consideration by issuing Bank Draft of Rs. 16,00,000 and 50,000 Equity Shares of Rs. 20 each at 10% premium. Calculate purchase consideration and pass journal entries in the books of X ltd. 4

17.A and B are partners in a firm sharing profits and losses in the ratio of 3:2. The following was the Balance Sheet of the firm as on 31.3.2010.

Liabilities	Rs	Assets	Rs
Capitals :		Sundry Assets	80,000
A	60,000		
B	20,000		
	<u>80,000</u>		<u>80,000</u>

The profits Rs. 30,000 for the year ended 31.3.2010 were divided between the partners without allowing interest on capital @ 12% p.a. and salary to A @ Rs. 1,000 per month.

During the year A withdrew Rs. 10,000 and B Rs. 20,000.

Pass the necessary adjustment journal entry and show your working clearly. 4

(OR)

Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of Rs. 2,00,000. The firm incurred a loss of Rs. 22,00,000 for the year ended 31st March, 2018. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account.

18.A, B and C are partners sharing profits and losses in the ratio of 2:3:4. They decided to share future profits and losses in the ratio of 4:3:2. They also decided to record the effect of the following without affecting their book values:

	Rs.
General Reserve	40,000
Profit and Loss A/c	20,000
Advertisement Suspense Account	15,000

You are required to give the necessary *Single journal entry*.

4

19. Following is the Receipt and Payment Account of Literacy Club for the year ended 31.3.2006:

Receipts	Rs	Payments	Rs
Balance b/d	19,550	Salary	3,000
Subscription:		Newspapers	2,050
2004-2005 1,200		Electricity bill	1,000
2005-2006 26,500		Fixed deposit (On 1.7.2005 @ 9% p.a.)	20,000
2006-2007 500	28,200	Books	10,600
Sale of old newspapers	1,250	Rent	6,800
Government Grants	10,000	Furniture	10,500
Sale of old furniture		Balance c/d	11,200
(Book value Rs 7,000)	5,700		
Interest on fixed deposits	450		
	65,150		66,150

Additional Information:

- (i) Subscription outstanding as on 31.3.2005 were Rs 2,000 and on 31.3.2006 Rs 2,500.
- (ii) On 31.3.2006 salary outstanding was Rs 600 and rent outstanding was Rs 1,200.
- (iii) The club owned furniture Rs 15,000 and books Rs 7,000 on 1.4.2005.

Prepare *Income and Expenditure Account of the Club* for the year ended 31.3.2006 and ascertain '*Capital Fund*' on 31.3.2005.

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20. Journalise the following transactions

- a) Mehar Ltd. issued Rs. 5,00,000, 10% Debentures of ₹ 100 each at a premium of 10% redeemable at a premium of 2%
- b) 12 % Debentures were issued at a discount of 10% to a vendor of machinery for payment of Rs. 9,00,000
- c) Issue of 20,000 11% debentures of Rs. 100 each as collateral in favour of State Bank of India. Company opted to pass necessary entry for issue of debentures. 6

(OR)

Arun and Sons Ltd has total redeemable debentures of Rs. 10,00,000. It decides to redeem these debentures in two instalments of Rs 6,00,000 and Rs. 4,00,000 on December 31st 2018 and March 31st 2020 respectively. Assuming that the Company has sufficient funds in Debenture Redemption Reserve Account, pass necessary journal entries for the year ending March 31st 2020.

21. Gopal, Rajnish and Lokesh were in a partnership sharing profits in the ratio 2:1:1. On 31st March, 2015, their Balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	15,000	Cash at Bank	17,000
Employee Provident Fund	5,000	Debtors	24,500
Profit and Loss A/c	15,000	Less : Provision	<u>1,200</u>
Capital A/c		Stock	14,700
Gopal	40,000	Machinery	35,000
Rajnish	30,000	Land and Building	40,000
Lokesh	25,000		
	<u>95,000</u>		
	<u>1,30,000</u>		<u>1,30,000</u>

On the above date Rajnish retires and the following was agreed:

- (i) Goodwill of the firm was valued at 2 years' purchase of super profits. Average profits amounted to Rs. 21,500 and normal rate of return in the industry was 10%.
- (ii) Land and Building was to be appreciated by 20% and Machinery was to be reduced to 70%.

- (iii) Bad debts amounted to Rs. 600.
- (iv) Rajnish was to be paid Rs. 9,250 on the date of retirement and balance amount to be paid in two equal instalments together with interest @ 10% p.a.
- (v) Capital of the new firm is fixed at Rs. 90,000. Surplus / deficit will be adjusted through Bank Account.
- (vi) There was an unrecorded liability for outstanding legal charges Rs. 500.
- (vii) Creditors worth Rs. 10,000 allowed a discount of 10% on immediate payment and partners decided to pay immediately.

Prepare *Revaluation Account, Partners' Capital Account and the Balance Sheet* of the new firm after Rajnish's retirement. 8

(OR)

Neha and Preeti two partners who were sharing profits and losses equally, had the following Balance Sheet as on 31st March, 2015. They decided to admit Chandra into partnership as an equal partner on that date:

Balance Sheet as on 31st March, 2015

Liabilities	Rs.	Assets	Rs.
Capital :		Machinery	28,000
Neha	35,000	Investments	18,250
Preeti	25,000	Debtors	17,400
Creditors	7,000	Provision	1,400
Employees Provident Fund	3,500	Stock	9,250
Investment Fluctuation Fund	9,000	Cash	8,000
	79,500		79,500

For the purpose of admission, the following conditions have been agreed:

- (i) Assets and liabilities shall be revalued as follows:
 - a) Investment Rs. 17,500
 - b) Reserve for doubtful debts increased to Rs. 1,750
 - c) Stock to be valued at Rs. 8,000
 - d) Machinery to be depreciated by 5%
 - e) There is an old furniture worth Rs. 1,200 to be bought into books and was taken over by the partners in their old profit-sharing ratio.
- (ii) Goodwill of the firm is valued Rs. 22,500 and Chandra paid for his share.

- (iii) Chandra has agreed to bring in Rs. 50,000 as his capital in addition to his goodwill.
- (iv) The capital A/c have to be adjusted on the basis of Chandra's capital contribution through Current A/c.

Prepare *Revaluation a/c, Capital Accounts of Partners and the Balance Sheet of the firm* after Chandra's admission.

22. Saral Ltd. invited applications for issuing 25,000 equity shares of Rs.100 each at par. The amount per share was payable as follows :

On Application : Rs. 20 per share

On Allotment : Rs. 30 per share

On First Call : Rs. 25 per share

On Second and Final Call : Rs. 25 per share

Applications were received for 24,000 shares and the shares were allotted to all the applicants. All calls were made and were received as follows :

On 18,000 shares : Full amount

On 2,000 shares : Rs. 75 per share

On 2,500 shares : Rs. 50 per share

On 1,500 shares : Rs. 20 per share

The company forfeited those shares on which less than Rs. 75 per share were received. The forfeited shares were reissued at Rs. 95 per share fully paid up.

Pass necessary journal entries for the above transactions in the books of the company.

8

(OR)

AB Ltd. invited applications for issuing 75,000 equity shares of Rs. 100 each at a premium of Rs. 30 per share. The amount was payable as follows :

On application and allotment — Rs. 85 per share

On first and final call — The balance amount.

Applications for 1,27,500 shares were received. Applications for 27,500 shares were rejected and shares were allotted on pro-rata basis to the remaining applicants. Excess money received on application and allotment was adjusted towards sums due on first and final call. The calls were made. A shareholder, who applied for 1,000 shares, failed to pay

the first and final call money. His shares were forfeited. All the forfeited shares were reissued at Rs. 150 per share fully paid up.

Pass necessary journal entries for the above transactions in the books of AB Ltd.

PART - B

23. What will be the effect on quick ratio if a bills payable is discharged on maturity? 1
24. The two basic measures of operational efficiency of a company are : (MCQ)
- i. Inventory Turnover Ratio and Working Capital Turnover Ratio
 - ii. Liquid Ratio and Operating Ratio
 - iii. Liquid Ratio and Current Ratio
 - iv. Gross Profit Margin and Net Profit Margin 1
25. Debt Equity Ratio of a company is 1:2. Issue of equity shares of Rs. 5,00,000 will increase, decrease or not change the ratio? 1
26. Give any two characteristics of financial statements. 1
27. Dividend Received is considered as operating activity when : (MCQ) 1
- i. Received by a manufacturing company.
 - ii. Received by a Trading Company.
 - iii. Received by any company.
 - iv. Received by a finance company.
28. Write any two tools for analysis of financial statements. 1
29. Payment of Income Tax is classified as : (MCQ) 1
- i. Operating activities.
 - ii. Investing activities.
 - iii. Financing activities.
30. Calculate opening and closing trade receivables from the following information :
Trade Receivable turnover ratio 4 times; Cost of Revenue from Operations Rs. 3,20,000;
Gross profit ratio 20%; Closing trade receivables were Rs. 15,000 more than opening
trade receivables; cash revenue from operations being $33\frac{1}{3}$ % of credit revenue from
operations. 3

(OR)

Calculate Operating Ratio and Operating Profit Ratio from the following :

	Rs.
Revenue from Operations (Net Sales)	5,00,000
Cost of Revenue from Operations (Cost of Goods Sold)	2,00,000
Wages	1,00,000
Office and Administrative Expenses	50,000
Interest on Borrowings	5,000

31. From the following Statement of Profit and Loss of the Sakhi Ltd. for the year ended 31st March, 2016 and 31st March, 2015, Prepare Comparative Statement of Profit and Loss. 4

Particulars	2014 - 2015	2015 - 2016
	Rs.	Rs.
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%	35%

(OR)

Following is the Statement of Profit & Loss of XL Limited for the year ended 31st March, 2017 and 31st March, 2016. Prepare Common Size Statement of Profit & Loss.

Particulars	2015 - 2016	2016 - 2017
	Rs.	Rs.
Revenue from Operations	50,00,000	80,00,000
Expenses :		
a) Employee benefit expenses were 10% of Revenue from Operations		
b) Other expenses	10,00,000	12,00,000
Rate of Tax	40%	40%

32. From the following Balance Sheet of Mayur Ltd. and the additional information as at 31st March, 2018, prepare a Cash Flow Statement :

Mayur Ltd. Balance Sheet as at 31st March, 2018

	Particulars	Note Number	31.3.2018 Rs.	31.3.2017 Rs.
I	EQUITY AND LIABILITIES :			
1	Shareholders' Funds :			
	a) Share Capital		30,00,000	20,00,000
	b) Reserve and Surplus	1	3,00,000	4,00,000
2	Non-current Liabilities :			
	Long-term Borrowings	2	4,00,000	3,00,000
3	Current Liabilities :			
	a) Trade Payables		1,70,000	2,50,000
	b) Short-term Provisions	3	76,000	64,000
	Total		39,46,000	30,14,000
II	ASSETS :			
1	Non-current Assets :			
	Fixed Assets :			
	a) Tangible	4	29,00,000	23,00,000
	b) Intangible	5	2,70,000	1,60,000
2	Current Assets :			
	a) Inventories		2,20,000	2,30,000
	b) Trade Receivables		1,10,000	1,30,000
	c) Cash and Cash Equivalents		4,46,000	1,94,000
	Total		39,46,000	30,14,000

Notes to Accounts :

Note Number	Particulars	31.3.2018 Rs.	31.3.2017 Rs.
1	Reserve and Surplus : Surplus (Balance in Statement of Profit and Loss)	3,00,000	4,00,000
2	Long-term Borrowings : 9% Debentures	4,00,000	3,00,000
3	Short-term Provisions : Provision for Tax	76,000	64,000
4	Tangible Assets : Machinery Accumulated Depreciation	36,00,000 (7,00,000) <hr/> 29,00,000	28,00,000 (5,00,000) <hr/> 23,00,000
5	Intangible Assets : Goodwill	2,70,000	1,60,000

Additional Information :

- i. During the year, a piece of machinery costing Rs. 4,00,000 on which accumulated depreciation was Rs. 73,000 was sold for Rs. 3,10,000.
- ii. 9% Debentures of Rs. 1,00,000 were issued on 31st March, 2018.

%%%%%%%%%

