INDIAN SCHOOL SOHAR **Total No of Pages.7**
PRE BOARD EXAM
Date: 18.01.17 **ACCOUNTANCY** Time: 3 Hrs
Class: XII Max Marks: 80

General Instructions:
1. This question paper contains two parts A and B
2. All questions are compulsory.
3. All parts of a question should be attempted at one place.

PART-A (ACCOUNTING FOR PARTNERSHIP FIRMS & COMPANIES)

1. Distinguish between 'Profit and loss appropriation account' and 'profit and loss account' **1**
2. Kumar, Verma and Naresh were partners in a firm sharing profit and loss in the ratio of 3:2:2.On 23rd January 2015 Verma died. Verma's share of profit till the date of his death was calculated at Rs.2,350. Pass journal entry for the same in the books of the firm. **1**
3. A forfeited share can:
   a) not be reissued at discount b) be reissued at a maximum discount of 10% only
   c) be re-issued at a maximum discount equal to the amount forfeited on the share
   d) none of the above **1**
4. X is a partner who used the stock of the firm worth Rs.10,000 and suffered a loss of Rs2,000. He want the firm to bear the loss. What is the amount of liability to X? **1**
5. On 28.02.2016 the first call of Rs.2 per share became due on 50,000 equity shares allotted by Kumar Ltd. Komal a shareholder of 1,000 shares, did not pay the first call money. Kovil a holder of 750 shares paid the second and final call of Rs.4 per share along with the first call. Pass the necessary journal entry for the amount received by opening call in arrears account and calls in advance account. **1**
6. Give the journal entry for debenture interest. **1**

7. Vikas and Vivek were partners in a firm sharing profits in the ratio of 3:2.On 1.4.2014 they admitted Vandana a new partner for 1/8th share in the profits with a guaranteed profit of Rs.1,50,000. The new profit sharing ratio between Vivek and Vikas will remain the same but they decided to bear any deficiency on account of guarantee to Vandana in the ratio 2:3.The profit of the firm for the year ended 31.3.2015 was Rs.9,00,000.Prepare the profit and loss appropriation account of Vikas, Vivek and Vandana for the year ended 31.3.2015. **3**

8. On 1.4.2013 A Ltd company issued 50,000, 8% debentures of Rs.100 .1.4.2014 the company purchased in the open market 30,000 of its own debentures for Rs.99 each and cancelled the same immediately. Pass the journal entries for issue and redemption of debentures in the books of the company. **3**

9. Tagore Ltd purchased a running business from Tulsi brothers for a sum of Rs.48,00,000 payable by the issue of equity shares of Rs.100 each at a premium of 20%.The assets and liabilities consisted of the following: Plant and machinery Rs.25,00,000 Stock Rs.15,00,000, Sundry debtors Rs.8,60,000, Sundry creditors Rs.3,00,000.Pass necessary journal entries in the books of Tagore Ltd. **3**

10. State any three purposes other than 'buy back share' for which securities premium can be utilized. **3**

11. L and M were partners in a firm sharing profits in the ratio of 2:3.On 28-2-1026 the firm was dissolved. After transferring assets (other than cash) and outsiders liabilities to realization:
(a)A creditor for Rs.1,40,000 accepted building valued at Rs.1,80,000 and price paid to the firm Rs.40,000
(b)A second creditor for Rs.30,000 accepted machinery valued at Rs.28,000 in full settlement of his claim
(c)A third creditor amounting to Rs.70,000 accepted Rs.30,000 in cash and investments of the book value of Rs.4,000 in full settlement of his claim.
(d) Loss on realization was Rs.4,000.
Pass necessary journal entries for the above transactions in the books of the firm. **4**

12. On 1st April 2014, X Ltd granted 3,000 options of Rs.10 each at Rs.30 per share, when the market price is Rs.80 per share. The vesting period was 2 years and maximum exercise period was 4 months. Out of the total options, 2500 options were exercised by the employee's up to 31st July 2016. Pass the necessary journal entries. **4**

13. A, B and C were partners sharing profits in the ratio of 4:3:2 respectively. Their balance sheet as at 31st March 2014 was as follows:

Liabilities	Amount	Assets	Amount
Capitals		Cash	10,000
A	5,00,000	Bank	40,000
B	3,00,000	Stock	2,00,000
C	1,50,000	Debtors	4,00,000
Creditors	1,45,000	Land	5,00,000
Workmen's compensation reserve	40,000		
Provision for doubtful debts	15,000		
Total	11,50,000	Total	11,50,000

B died on 30^{th} June 2014 and it was agreed that A and C share future profits in the ratio of 5:4.The following was agreed upon:

(i)Goodwill is to be valued at 2 years purchase of average profits of last three years. The average profits were Rs.1,80,000.

(ii)B's share of profit till the date of his death will be calculated on the basis of average profits of last three years.

(iii)Land was undervalued by Rs.1,20,000 and stock overvalued by Rs.43,000.

(iv)Provision for doubtful debts is to be made at 5% of debtors

(v)Claim of workmen compensation was estimated at Rs.10,000.

Prepare B's capital account to be presented to his executors. **6**

14. Ashok, Bhim and Chetan were partners in the ratio of 3:2:1.Their balance sheet as at 31.3.2015 was as follows:

Balance sheet of Ashok, Bhim and Chetan as on 31-3-2015.

Liabilities	Amount	Assets	Amount
Creditors	1,00,000	Land	1,00,000
Bills payable	40,000	Building	1,00,000
General reserve	60,000	Plant	2,00,000
Capital accounts		Stock	80,000
Ashok	2,00,000	Debtors	60,000
Bhim	1,00,000	Bank	10,000
Chetan	50,000		
Total	5,50,000	Total	5,50,000

Ashok, Bhim and Chetan decided to share the future profits equally, with effect from April 1, 2015.For this it was agreed that:

(i)Goodwill of the firm be valued at Rs.3,00,000.

(ii)Land be revalued at Rs.1,60,000 and building be depreciated by 6%.

(iii)Creditors of Rs.12,000 were not likely to be claimed and hence be written off.

Prepare revaluation account, partner capital account and balance sheet of the reconstituted firm. **6**

15. Alex,John and Sam are partners in a firm. Their capital accounts on 1^{st} April 2015, stood at Rs.1,00,000, Rs.80,000 and Rs.60,000 respectively.

Each partner withdrew Rs.5,000 during the financial year 2015-16.As per the provisions of their partnership deed:

(a)John was entitled to a salary of Rs.1,000 per month.

(b) Interest on capital was to be allowed @ 10% per annum.

(c)Interest on drawings was to be charged @ 4% per annum.

(d)Profits and losses were to be shared in the ratio of 5:4:3.

The net profit of Rs.75,000 for the year ended 31^{st} March 2016, was divided equally amongst the partners without providing for the terms of the deed. You are required to pass a single adjusting journal entry to rectify the error. **6**

16. Mohan and Mahesh were partners in a firm sharing profits in the ratio of 3:2.On 1st April 2015, they admitted Nusrat as a partner in the firm. The balance sheet of Mohan and Mahesh on that date was as under:

Liabilities	Amount	Assets	Amount
Sundry creditors	2,10,000	Cash in hand	1,40,000
Workmen's compensation fund	2,50,000	Debtors	1,60,000
		Stock	1,20,000
General reserve	1,60,000	Machinery	1,00,000
Capitals:		Building	2,80,000
Mohan	1,00,000		
Mahesh	80,000		
Total	8,00,000	Total	8,00,000

It was agreed that:

(i)The value of building and stock to be appreciated to Rs.3,80,000 and Rs.1,60,000 respectively.

(ii)The liabilities of workmen's compensation was determined at Rs.2,30,000.

(iii)Goodwill of the firm is valued at Rs.1,50,000. Nusrat brought in her share of goodwill in cash.

(iv)Nusrat was to bring further cash as to make her capital equal to 20% of the combined capital of Mohan and Mahesh after above revaluation and adjustments are carried out.

(v)The future profit sharing ratio will be Mohan 2/5, Mahesh 2/5, Nusrat 1/5.

Prepare Revaluation account, Partner's capital accounts and balance sheet of the new firm.

(OR)

X,Y and Z are sharing profits in the ratio of 3:2:1.Following is their balance sheet as at 31st March 2016.

Liabilities	Amount	Assets		Amount
Sundry creditors	1,10,000	Machinery		3,00,000
Capitals:		Patents		40,000
X	3,20,000	Stock		2,80,000
Y	2,00,000	Debtors	1,20,000	
Z	1,70,000	Less:Provision	10,000	1,10,000
		Cash at bank		40,000
		Profit and loss account		30,000
Total	8,00,000	Total		8,00,000

Y retires and X and Z decide to share future profits in the ratio of 2:1.It was agreed that:

(i) Value of patents to be reduced by 40% and that of machinery to 90%. The provision for doubtful debts is to be maintained @ 5% on debtors.

(ii)Rent outstanding was Rs.15,000. A liability for claim, included in creditors for Rs.20,000 settled at Rs.15,000.

(iii)Accrued income of Rs.10,000 is to be recorded in the books. Goodwill of the firm is valued at Rs.1,20,000.

Total capital of the new firm is Rs.6,90,000.X and Z decided that their capital will be adjusted in their new ratio by bringing in or withdrawing cash as the case may be. Y's account will be transferred to his loan account.Prepare revaluation account, capital account and new balance sheet. **8**

17. Welldone Limited invited applications for issuing 40,000 equity shares of Rs.10 each at a premium of 10%.The amount was payable as follows:

On application and allotment Rs.4 per share

On first call Rs.4 per share (including premium)

Second and final call - balance amount.

Applications for 39,000 shares were received and allotment was made to all the applicants. The payment was received as per the following details

On 30,000 shares –Full amount

On 6,000 shares – Rs.7 per share

On 3,000 shares – Rs.4 per share

The directors forfeited those shares on which less than 7 per share were received. The forfeited shares were re-issued at Rs.8 per share as fully paid. Pass necessary journal entries in the books of the company for the above transactions.

(OR)

Shiva Ltd invited applications for issuing 3,20,000 equity shares of Rs.10 each at a premium of Rs.3 per share. The amount was payable as follows:

On application Rs.3 per share (including premium Rs.1 per share)

On allotment Rs.5 per share (including premium Rs.2 per share)

On first and final call- the balance amount

Applications for 4,00,000 shares were received. Applications for 40,000 shares were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. Jeevan holding 800 shares failed to pay the allotment money and his shares were immediately forfeited. Afterwards the final call was made, Ganesh who had applied for 2,700 shares failed to pay the final call. His shares were also immediately forfeited. Afterwards final call was made. Out of the forfeited shares 1,500 shares were reissued at Rs.8 per share fully paid up. The reissued shares included all the forfeited shares of Jeevan.

Pass the journal entries for the above transactions in the books of the company. **8**

PART-B ANALYSIS OF FINANCIAL STATEMENTS

18.Purchase of shares/debentures of other companies for cash by a trading company is classified under which activity while preparing a cash flow statement? **1**

19.The firm's current assets are Rs.3,60,000, current ratio is 3:1.Cost of revenue from operations is R.12,00,000.Its working capital turnover ratio will be:

a)3 times b)5 times

c)8 times d) 4 times **1**

20.From the following data calculate liquid ratio:

(a) Current assets Rs.3,50,000, Inventory Rs.1,60,000, Prepaid expenses Rs.10,000 and working capital Rs.1,50,000 (2)

(b) From the following information compute 'Total Assets to Debt ratio'

Long term borrowings	3,00,000
Long term provisions	1,50,000
Current liabilities	75,000
Non-current Assets	5,40,000
Current assets	1,35,000

(2)

21.(a)Under which of the following Main and sub heads will the following items to be shown while preparing the balance sheet of a company as per the provisions of the companies Act 2013.

a) Marketable securities
b) Investments
c) Outstanding salary
d) Authorised share capital (2)

(b)Current ratio of the company is 3:1.State giving reasons whether this ratio would increase, decrease or remain unchanged in the following cases.

(i)Issue of shares for cash
(ii)Repayment of Long term liability (2)

22. Following is the statement of profit and loss of Moon India ltd for the year ended 31st March 2015.Prepare the comparative income statement for (2014 and 2015) **4**

Particulars	31.03.2015	31.03.2014.
Revenue from operations	Rs.50,00,000	Rs.40,00,000
Other Income	Rs.2,00,000	Rs.10,00,000
Employee benefit expenses	60% of Total revenue	50% of the total revenue
Other expenses	10% of Employee benefits expenses.	20% of employee benefits expense
Income tax	50%	50%

23.Following is the Balance sheet of SivaSudha Ltd as on 31st March 2014:

Particulars	Note No.	31.3.2014	31.3.2013
I.EQUITY AND LIABILITIES			
1.Shareholder's Funds			
(a) Share capital	1	40,00,000	30,00,000
(b) Reserves and Surplus		10,00,000	6,00,000
2.Non-Current liabilities			
Long term borrowings		6,00,000	4,00,000
3.Current Liabilities			
(a) Trade Payables		3,00,000	4,00,000
(b)Short term provisions	2	1,40,000	1,20,000
Total		60,40,000	45,20,000
II ASSETS			
1.Non-Current Assets			
(a)Fixed Assets			
(i)Tangible assets	3	38,00,000	30,00,000
(ii) Intangible assets	4	9,40,000	5,40,000
2.Current assets			
(a) Inventories		5,00,000	3,20,000
(b) Trade receivables		4,20,000	4,20,000
(c) Cash and Cash equivalents		3,80,000	2,40,000
Total		60,40,000	45,20,000

Note to Accounts

Particulars	31.3.2014	31.3.2013
1.Reserves and Surplus		
Surplus i.e., Balance in statement of profit and loss	10,00,000	6,00,000
2. Short term provisions		
Provision for tax	1,40,000	1,20,000
3.Tangible Assets		
Machinery	42,00,000	33,00,000
Less: Accumulated depreciation	4,00,000	3,00,000
	38,00,000	30,00,000
4.Intangible assets		
Goodwill	9,40,000	5,40,000

Prepare a cash flow statement after taking into account the following adjustment:

During the year, a piece of machinery costing Rs.40,000 on which accumulated depreciation was Rs.30,000, was sold for Rs.9,000. **6**