INDIAN SCHOOL SOHAR **Total No of Pages.7**

PRE BOARD EXAM

ACCOUNTANCY

Date: 16.01.18 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. Why goodwill is considered to be an intangible asset and not a fictitious asset? **1**
2. A & B are partners sharing profits in the ratio of 5:4.They admit C for a 1/10th share of profits which he acquires, in equal proportions from both. Find the new profit sharing ratio. **1**
3. What is meant by Rights issue of shares? **1**
4. Luxor pens limited had issued, 5,000, 10% debentures of □ 100 each at □ 110 fully convertible in to new class of debentures. How much should be transferred to DRR to be? **1**
5. At the time of dissolution of the firm, loan from a partner is transferred to which account? **1**
6. A, B and C sharing profits and losses in the ratio of 4:3:2, decide to admit D as a new partner with effect from 1st April 2016. The value of investments is □ 2,00,000 and the Investment fluctuation reserve is □18,000.
   Show the accounting treatment when the market value of investment is □1,91,000. **1**

7. P and Q were partners in a firm sharing profits in the ratio of 5:3.On 1st April 2014, they admitted R as a new partner for 1/8th share in the profits with a guaranteed profit of □ 75,000. The new profit sharing ratio between P and Q will remain the same but they agreed to bear any deficiency on account of guarantee to R in the ratio of 3:2.The profit of the firm for the year ended 31st March 2015 was □ 4,00,000. Prepare profit and loss appropriation account for the year ended 31st March 2015. **3**

8. X Ltd obtained loan of □ 10,00,000 from Mercantile Bank and issued 15,000, 12% debentures of □100 each as collateral security .How the issue of debentures to be shown in the balance sheet assuming that the company has passed journal entry for the issue of debentures as collateral security in the books of X Ltd. **3**

9. Complete the following journal entries: **3**

Date	Particulars	LF	Debit (□)	Credit(□)
	----------------------------------- Dr. To ------------------------------ (Being own 5,000,11% debentures of Rs.100 each purchased @ 95 for immediate cancellation)		---------	 --------
	-------------------------------------- Dr. To---------------------------------- To--------------------------------- (Being the own 5,000, 11% debentures of Rs.100 each cancelled)		----------	 ----------- -----------
	------------------------------------- Dr. To-------------------------------- (Being the gain on cancellation of own debentures transferred)		---------	 ---------

10. X and Y are partners sharing profits in the ratio of 3:2. On 1st April, they admitted Z as a new partners for 1/5th share. Z brings □ 7,50,000 as his capital and necessary share for premium of goodwill. On Z's admission it is decided that goodwill of the firm will be valued at 2 years purchase of super profit. During the year ended 31st March 2016, the firm earned a profit of □ 3,75,000 and capital employed is □ 12,50,000.Assuming that normal rate of return is 20%, calculate the value of goodwill of the firm and pass necessary journal entries at the time of admission. **3**

11. Vishal mart Ltd issued 20,000, 8% debentures of □ 50 each at a discount of □ 5 redeemable at a premium of 10% after 5 years or earlier at the option of the company by conversion into equity shares of □ 10 each at a premium of 25%. The company converted the debentures into shares at the end of fourth year. Pass journal entries for the issue and conversion. **4**

12. P,Q and R are partners sharing profits and losses in the ratio of 2:2:1.Their balance sheet as on 31st Marh,2017 stood as follows:

Liabilities	Amount(□)	Assets	Amount(□)
Capital accounts		Land and Building	3,00,000
P	2,50,000	Machinery	1,70,000
Q	2,00,000	Stock	70,000
R	1,50,000	Sundry debtors	90,000
Workmen's compensation reserve	50,000	Cash in hand	30,000
Sundry creditors	95,000	Cash at bank	90,000
Outstanding expenses	5,000		
Total	7,50,000	Total	7,50,000

The partners decided to share profits and losses equally with effect from 1st April 2017.They also agreed that:

(i)Value of land and building is to be increased by 5%.

(ii)Value of machinery is to be decreased by 10,000.

(iii) Stock to be valued at 80,000.

(iv)A provision for doubtful debts be created for 5,000.

(v) Outstanding expenses are to be written back being not payable.

(vi) A provision for workmen compensation claim be made for 20,000.

(vii)The firm assigned the work of reconstitution to its auditors. They were paid 5,000.

Prepare necessary journal entries and revaluation account. **4**

13. Ram, Rahim and Robert were partners sharing profits and losses in the ratio of 2:3:1 respectively. The partnership deed provided that in case of death of a partner the deceased partner's share of capital will be donated for the construction of a hospital in the tribal area. Due to ill heath Robert died on 30th September,2013.The balance sheet of the firm as on 31st March 2013 was as follows:

Liabilities	Amount()	Assets	Amount()
Capitals		Cash	14,000
Ram	1,00,000	Bank	2,96,000
Rahim	2,00,000	Stock	80,000
Robert	3,00,000	Debtors	3,00,000
Creditors	3,60,000	Investments	50,000
Workmen's compensation reserve	20,000	Land	2,50,000
Provision for doubtful debts	10,000		
Total	9,90,000	Total	9,90,000

On the date of Robert's death i.e., 30th September 2013, the following was agreed upon:

(i)Goodwill is to be valued at 2 years purchase of average profits of last three years.

2010-11 45, 000 2011-12 90,000 and 2012-13 1,35,000.

(ii)Robert'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 25, 000 and stock overvalued by 8,000.

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

(v)Claim of workmen compensation was estimated at 5,000.

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

14. (a) X limited purchased a running business from G ltd for a sum of Rs.18,00,000 payable by issue of equity shares of Rs.100 each at a premium of 20 per share. The assets and liabilities consisted of the following Plant 3,50,000, Land 6,00,000, Stock 4,50,000 and creditors 1,00,000. Pass necessary journal entries in the books of X Ltd for the above transactions. **3**

(b) X limited has □ 8,00,000, 9% debentures due to be redeemed our of profits on 1st October 2017 at a premium of 5%.The company has a debenture redemption reserve of Rs.1,50,000.Pass necessary journal entries at the time of redemption. **3**

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

Each partner withdrew □ 25,000 during the financial year 2015-16.As per the provisions of their partnership deed:

(a)John was entitled to a salary of □ 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 □ 75,000 for the year ended 31st 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. W and R are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31st March,2016 was as follows:

Liabilities	Amount(□)	Assets	Amount(□)
Sundry creditors	20,000	Cash in hand	12,000
Provision for bad debts	2,000	Debtors	18,000
Outstanding salary	3,000	Stock	20,000
General reserve	5,000	Furniture	40,000
Capitals:		Machinery	40,000
W	60,000		
R	40,000		
Total	1,30,000	Total	1,30,000

On the above date C was admitted for 1/6th share in the profits on the following terms:

(i) C will bring □ 30,000 as his capital and □ 10,000 for his share of goodwill premium, half of which will be withdrawn by W and R.

(ii)From Debtors □ 1,500 will be written off as bad debts and a provision of 5% will be created for bad and doubtful debts.

(iii)Stock will be depreciated by 10% furniture by □ 500 and Plant and machinery by 8%

(iv)Investments □ 2,500 not mentioned in the balance sheet were to be taken into account

(v)A creditor of □ 2,100 not recorded in the books was to be taken into account.

(vi) The capital of the partners is adjusted on the basis of C's contribution of capital to the firm.

Excess or shortfall if any to be brought by the partners in cash.

Prepare the revaluation account, partner's capital account and the balance sheet of the firm on C's admission.

(OR)

M, N and G were partners in a firm sharing profits and losses in the ratio of 5:3:2.On 31.3.2016 their balance sheet was as under:

Liabilities	Amount(₹)	Assets		Amount(₹)
Sundry creditors	55,000	Cash		40,000
General reserve	30,000	Debtors	45,000	
Capitals:		Less Provision	5,000	40,000
M	1,50,000	Stock		50,000
N	1,25,000	Machinery		1,50,000
R	75,000	Patents		30,000
		Building		1,00,000
		Profit and loss account		25,000
Total	4,35,000	Total		4,35,000

M 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)N and G will share the future profits in the ratio of 3:2.

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

Pass necessary journal entries for the above transactions in the books of the firm on M's retirement. **8**

17. AXN ltd invited applications for issuing 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 6per share. The amount was payable as follows:

On application ₹ 4 per share (including ₹ 2 premium)

On allotment ₹ 5 per share(including ₹ 2 premium)

On first call ₹ 4 per share(including ₹ 2 premium)

The issue was fully subscribed. Kumar the holder of 400 shares did not pay the allotment money and Ravi the holder of 1,000 shares paid his entire money along with allotment money. Kumar's shares were forfeited immediately after allotment. Afterwards first call was made. Gupta a holder of 300 shares failed to pay the first call money and Gopal a holder of 600 shares paid the second call money also along with first call. Guptha'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 re-issued at ₹ 9 per share fully paid up. Pass necessary journal entries for the above transactions in the books of the company.

(OR)

A Ltd Company limited invited applications for issuing 40,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as under:

On application	₹ 3 per share
On allotment	₹ 4 per share (including premium)
On First call	₹ 2 per share
On second call	₹ 3 per share

Applications were received for 70,000 shares. Allotment was made pro-rata to the applicants for 50,000 shares, the remaining applications being refused. Money overpaid on application was applied towards sum due on allotment. A, to whom 1,600 shares were allotted failed to pay the allotment and calls money. B, to whom 2,000 shares were allotted failed to pay two calls. The shares of A and B were subsequently forfeited after the second call was made.3000 of the forfeited shares were reissued at 8 per share fully paid. The re-issued shares included all of A's shares. Pass journal entries in the books of the company to record the above transactions. **8**

PART-B ANALYSIS OF FINANCIAL STATEMENTS

18.Under which type of activity will you classify dividend received by a finance company while preparing cash flow statement? **1**

19.State with reason whether 'discount received on making payment to suppliers would result in inflow, outflow or no flow of cash. **1**

20.(a) Determine the value of closing stock from the following details: Sales 4,00,000, Gross profit ratio 10%, stock velocity 4 times, Closing stock was 10,000 in excess of opening stock. **4**

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) Unclaimed dividend b) Calls in arrears c) Outstanding salary

d) Arrears of cumulative preference dividend. **2**

(b)Current ratio of the company is 2:1.State giving reasons whether this ratio would increase , decrease or remain unchanged in the following cases.

(i)Purchase of furniture on credit ii) Repayment of Long term liability **2**

22. Prepare the comparative income statement of Moon Ltd from the following information **4**

Particulars	31.03.2017	31.03.2016
Revenue from operations Other Income	30,00,000 15% of revenue from operations	20,00,000 20% of revenue from operations
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%	30%

23.Following is the Balance sheet of Aruna Ltd as on 31st March 2017.Prepare a cash flow statement.

Particulars	Note No.	31.3.2017(□)	31.3.2016(□)
I.EQUITY AND LIABILITIES			
1.Shareholder's Funds			
(a) Share capital	1	10,00,000	10,00,000
(b) Reserves and Surplus		2,40,000	1,20,000
2.Non-Current liabilities			
Long term borrowings			
9% debentures		3,20,000	2,40,000
3.Current Liabilities			
(a) Trade Payables	2	1,80,000	2,40,000
(b) Other current liabilities	3	1,80,000	1,60,000
Total		19,20,000	17,60,000
II ASSETS			
1.Non-Current Assets			
(a)Fixed Assets			
(i)Tangible assets	4	13,40,000	12,00,000
(b) Non-current investments	5	2,40,000	1,60,000
2.Current assets			
(a) Inventories		1,20,000	1,60,000
(b) Trade receivables		1,60,000	1,60,000
(c) Cash and Cash equivalents		60,000	80,000
Total		19,20,000	17,60,000

Note to Accounts

Particulars	31.3.2017	31.3.2016
1.Reserves and Surplus		
General Reserve	1,20,000	1,20,000
Balance in statement of profit and loss	1,20,000	----------
2. Trade Payables		
Creditors	1,40,000	1,20,000
Bills payable	40,000	1,20,000
3.Other current liabilities		
Outstanding rent	1,80,000	1,60,000
4.Tangible Assets		
Machinery	14,90,000	13,00,000
Less: Accumulated depreciation	(1,50,000)	(1,00,000)
	13,40,000	12,00,000
5.Non-current Investments		
Shares in XYZ Limited	2,40,000	1,60,000

Additional information:

(a) During the year, a piece of machinery costing □ 50,000 on which accumulated depreciation was □ 15,000, was sold for □ 32,000.

(b) 9% debentures □ 80,000 were issued on April,2016. **6**