



INDIAN SCHOOL SOHAR
PRE BOARD EXAMINATION (2018-19)
ACCOUNTANCY

Total No of Pages.7

Date: 13.01.19
Class: XII

Duration: 3 Hrs
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. Subscription received in advance is an income or a liability. 1
2. P and Q were partners in a firm sharing profits and losses equally. Their fixed capitals were Rs.2,00,000 and Rs.3,00,000 respectively. The partnership deed provided for interest on capital @ 12% per annum. For the year ended 31st March 2018, the profits of the firm were distributed without providing interest on capital. Pass necessary adjustment entry to rectify the error. 1
3. Is reserve capital a part of 'Unsubscribed capital' or 'Uncalled capital?' 1
4. On dissolution of firm where is 'cash in hand' transferred? 1
5. X,Y and Z were partners sharing profits in the ratio of 5/10, 3/10 and 1/5.X retired from the firm. Calculate the gaining ratio of the remaining partners. 1
6. What does a bearer debenture mean? 1
7. On the basis of the following information given below, calculate the amount of stationery to be debited to the income and expenditure account of Sports Club for the year ended 31st March 2018.

Particulars	1.4.2017(Rs.)	31.3.2018(Rs.)
Stock of stationery	8,000	6,000
Creditors for stationery	9,000	11,000

Stationery purchased during the year ended 31st March 2018 was Rs.47,000. 3

8. X Ltd obtained loan of Rs.10,00,000 from Mercantile Bank and issued 15,000, 12% debentures of Rs.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. Asha and Murali are partners in a firm sharing profits and losses in the ratio of 3:2.They admit Raghav as a partner for 1/4th share in the profits of the firm. Raghav brings Rs.6,00,000 as his capital and his share of goodwill in cash. Goodwill of the firm is to be valued at two years purchase of average profits of the last four years. The profits of the firm during the last four years were, 2013-14 Rs.3,50,000, 2014-15 Rs.4,75,000 2015-16 Rs.6,70,000 and 2016-17 Rs.7,45,000. The following additional information is given:

(i) To cover management cost an annual charge of Rs.56,250 should be made for the purpose of valuation of goodwill.

(ii) The closing stock for the year ended 31.3.2017 was overvalued by Rs.15,000. Find the value of goodwill and pass necessary journal entries related to goodwill. **3**

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

Date	Particulars	LF	Debit	Credit
	Share capital a/c Dr. To ----- To ----- (Being 20 shares forfeited for non-payment of first call of Rs.2)		140	----- -----
	----- Dr. ----- Dr. To ----- (Being 15 forfeited shares reissued as Rs.7 per share of Rs.10 paid up)		----- -----	-----
	----- Dr. To ----- (Being the gain on cancellation of own debentures transferred)		-----	-----

11. On 1st May 2016, VKR Ltd. Issued 10,000, 9% debentures of Rs.100 each issued at a discount of 10% redeemable at par after five years. All the debentures were subscribed. The company has a balance of Rs.60,000 in Securities Premium Reserve which the company decided to use for writing off the discount in the issue of debentures. Pass necessary journal entries for the issue and writing off the discount on issue of debentures and also prepare discount on issue of debentures account. **4**

12. Sunny, Hari and Rupesh were partners in a firm. On 31.03.2018, their balance sheet was as follows:

Liabilities	Amount (Rs.)	Assets	Amount(Rs.)
Creditors	10,000	Plant and machinery	40,000
General reserve	30,000	Furniture	15,000
Capitals		Investments	20,000
Sunny	30,000	Debtors	20,000
Hari	30,000	Stock	25,000
Rupesh	20,000		
Total	1,20,000	Total	1,20,000

Hari died on 31.12.2018. The partnership deed provides that the executors of the deceased partner were entitled to:

- (i) Balance in the capital account of the deceased partner.
- (ii) Interest on capital @ 6% per annum to be calculated up to the date of his death.
- (iii) His share in the undistributed profits or losses as per the balance sheet.
- (iv) His share in the profits of the firm till the date of his death, calculated on the basis of rate of net profit on sales of the previous year. The rate of net profit on sale of previous year was 20%. Sales of the firm during the year till 31.12.2018 was Rs.6,00,000.
- (v) Goodwill of the firm will be calculated on the basis of 3 years purchase of the average of the last four years. The profits of the last four years were Rs.19,000, Rs.17,000, Rs.18,000 and Rs.16,000.

Prepare Hari's capital account to be presented to his executors.

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13. Receipts and Payments account of Ganesh sports club is given below for the year ended 31st December 2016.

Receipts	Amount	Payments	Amount
To opening cash in hand	36,000	By rent	1,80,000
To entrance fees	32,000	By wages	70,000
To donation for building	2,30,000	By billiards table	2,50,000
To locker rent	12,000	By furniture	1,00,000
To life membership fees	70,000	By electricity	20,000
To profit for entertainment	30,000	By stationery	10,000
To subscription	5,00,000	By salary	2,40,000
		By cash in hand	40,000
Total	9,10,000	Total	9,10,000

Prepare income and expenditure account and balance sheet with the help of the following information:

- (i) Subscription outstanding on 31st December 2015 is Rs.12,000 and Rs.23,000 on 31.12.2016.
- (ii) Opening stock of stationery is Rs.3,000 and closing stock is Rs.2,000.
- (iii) On 1st January 2016 the club owned furniture Rs.2,00,000 and furniture valued Rs.2,25,000 on 31.3.2016.
- (iv) The club took a loan of Rs.2,00,000 @ 10% per annum in 2015.

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14. Anagad, Raman and Harshit were partners in a firm. They decided to dissolve their firm. Pass necessary journal entries for the following various assets (other than cash and bank) and the third party liabilities have been transferred to Realization account.

- (i) There was a stock of Rs.90,000. Raman took over 50% of the stock at 10% discount and remaining stock was sold at a 40% profit on book value.
- (ii) P&L a/c was showing a debit balance of Rs.15,000 which was distributed among the partners.
- (iii) A machinery which was not recorded in the books was sold for Rs.2,000
- (iv) Anagad was paid only Rs.5,000 for his loan to the firm which amounted to Rs.5,500.

(v) Dissolution expenses amounting to Rs.5,000 paid by Harshit.

(vi) There were 100 shares of Rs.10 each in DCM Ltd acquired at a cost of Rs.1,200 which had been written off completely from the books. These shares are valued @ Rs.9 each and divided among the partners in their profit sharing ratio.

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15. Kalpana and Kanika were partners in a firm sharing profits in the ratio of 3:2. On 1st April 2018, they admitted Karuna as a new partner for 1/5th share in the profits of the firm. The balance sheet of Kalpana and Kanika as on 1st April 2018 was as follows:

Liabilities	Amount	Assets	Amount
Capitals		Land and building	2,10,000
Kalpana	4,80,000	Plant	2,70,000
Kanika	2,10,000	Stock	2,10,000
General reserve	60,000	Debtors	1,32,000
Workmen's compensation fund	1,00,000	Less provision	12,000
Creditors	90,000	Cash	1,30,000
Total	9,40,000	Total	9,40,000

It was agreed that:

(i) The value of land and building will be appreciated by 20%

(ii) The value of plant be increased by Rs.60,000.

(iii) Karuna will bring Rs.3,00,000 as capital and Rs.80,000 as share of goodwill, half which will be withdrawn by Kalpana and Kanika.

(iv) The liabilities of workmen's compensation fund were determined at Rs.60,000

(v) Debtors to the extent of Rs.8,000 were unrecorded.

Prepare Revaluation account and partner's capital account.

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16. M, N and G were partners in a firm sharing profits and losses in the ratio of 2:1:1. On 31.3.2018 their balance sheet was as under:

Liabilities	Amount	Assets	Amount
Sundry creditors	53,000	Bank	60,000
Employee's Provident fund	47,000	Debtors	60,000
Capitals:		Stock	1,00,000
M	2,00,000	Fixed assets	2,40,000
N	1,00,000	Profit and loss account	20,000
R	80,000		
Total	4,80,000	Total	4,80,000

M retired on the above date and it was agreed that:

(i) Goodwill of the firm was valued at 2 years purchase of average profits of three completed preceding the date of retirement. The profits for the year:

2015-16 were Rs.1,00,000 and for 2016-17 were Rs.1,30,000.

(ii) Fixed assets were to be increased to Rs.3,00,000.

(iii) Stock was to be valued at 120%.

(iv) The amount payable to M was transferred to the loan account.

Prepare revaluation account, capital accounts of the partners and balance sheet of the reconstituted firm.

(OR)

M, B and R were partners in a firm sharing profits and losses in the ratio of 3:3:4. Their partnership deed provided for the following:

(a) Interest on capital @ 5% p.a.

(b) Interest on drawings @ 12% p.a.

(c) Interest on partner's loan @ 6% p.a.

(d) M was allowed an annual salary of Rs.4,000. B was allowed a commission of 10% of net profit as shown by profit and loss account and R was guaranteed a profit of Rs.1,50,000 after making all the adjustments as provided in the partnership agreement.

Their fixed capitals were M-Rs.5,00,000, B-Rs.8,00,000 and R-Rs.4,00,000. On 1st April, 2017 B extended a loan of Rs.1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2018 before interest on B's loan was Rs.3,06,000. Prepare profit and loss appropriation account for the year ended 31st March 2018 and their current accounts assuming that B withdrew Rs.5,000 at the end of each month, M withdrew Rs.10,000 at the end of each quarter and R withdrew Rs.40,000 at the end of half year.

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17. SK limited invited applications for issuing 3,20,000 equity shares of Rs.10 each at a premium of Rs.5 per share. The amount was payable as follows:

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

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

On first call Rs.7 per share (including Rs. 2 premium)

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 final call was made. Ganesh who had applied for 2,700 shares failed to pay the final call. His shares were also forfeited. 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 necessary journal entries for the above transactions in the books of the company.

(OR)

X limited invited applications for issuing 50,000 equity shares of Rs.10 each. The amount was payable as follows:

On application

Rs.2 per share, On allotment

Rs. 2 per share

On First call

Rs.3 per share On second call

Balance amount

Applications for 70,000 shares were received. Applications for 10,000 shares were rejected and the application money was refunded. Shares were allotted to the remaining applicants on a pro-rata basis and excess money received with applications was transferred sums due on allotment and calls if any. Gopal who applied for 600 shares, paid his entire share money with application. Ghosh who had applied for 6,000 shares, failed to pay the allotment money and his shares were immediately forfeited. These forfeited shares were re-issued to Sultan for Rs.20,000, Rs.4 per share paid up. The first call money and the second and final call money was called and duly received. Pass necessary journal entries for the above transactions in the books of X limited. Open calls-in-advance and account and calls-in- arrears account whichever necessary. 8

PART-B ANALYSIS OF FINANCIAL STATEMENTS

18. What is the main objective of preparing the cash flow statement? 1
19. Payment of bonus to the employees by an insurance company is which type of cash flow activity? 1
20. Under which main head and subheadings will the following items be placed in the balance sheet of a company as per schedule – III part –I of the companies act 2013.
- | | | |
|---------------------|---------------------------|---|
| Bonds | Loans repayable on demand | |
| Vehicles | Goodwill | |
| Current investments | Mining rights | |
| Capital reserve | Accrued income | 4 |

21. Prepare the common size balance sheet of power financial limited. 4

	Particulars	Note No	31.3.2017(Rs.)	31.3.2018(Rs.)
I	Equity and liabilities			
	Equity share capital		1,70,000	1,70,000
	Preference share capital		40,000	45,000
	Reserves and surplus		75,000	1,12,500
	Long term loan		1,50,000	2,00,000
	Current liabilities			
	(a)Current liabilities and short term provisions		60,000	66,000
	(b)Creditors		30,000	45,000
	Total		5,25,000	6,38,500
II	Non-Current assets		3,25,000	3,71,000
	Current assets		2,00,000	2,67,500
	Total		5,25,000	6,38,500

22. From the following calculate the gross profit ratio and working capital turnover ratio. 4
- | | | |
|---------------------------------|--------------|--|
| Revenue from operations | Rs.30,00,000 | |
| Cost of revenue from operations | Rs.20,00,000 | |
| Current assets | Rs. 6,00,000 | |

Current liabilities Rs.2,00,000
 Paid up share capital Rs.5,00,000

23. From the following Balance sheet of JY Ltd as on 31st March 2018. Prepare a cash flow statement.

Particulars	Note No.	31.3.2018	31.3.2017
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share capital	1	5,00,000	5,00,000
(b) Reserves and Surplus		1,00,000	(25,000)
2. Non-Current liabilities			
Long term borrowings	2	2,50,000	1,50,000
3. Current Liabilities			
(a) Short term borrowings	3	1,50,000	1,00,000
(b) Short term Provisions	4	2,00,000	1,25,000
Total		12,00,000	8,50,000
II ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible assets	5	6,00,000	4,50,000
2. Current assets			
(a) Trade receivables		2,75,000	2,25,000
(b) Cash and cash equivalents		1,25,000	75,000
(c) Short term loans and advances		2,00,000	1,00,000
Total		12,00,000	8,50,000

Note to Accounts

Note No	Particulars	31.3.2018	31.3.2017
1	Reserves and surplus (surplus in statement of profit and loss)	1,00,000	(25,000)
2	Long term borrowings 10% debentures	2,50,000	1,50,000
3	Short term borrowings Bank overdraft	1,50,000	1,00,000
4	Short term provisions (i) Provision for taxation	2,00,000	1,25,000
5	Tangible assets Machinery Accumulated depreciation	7,37,500 (1,37,500)	5,25,000 (75,000)
		6,00,000	4,50,000

Additional information:

(a) Tax paid Rs.1,50,000.

(b) During the year machine costing Rs.80,000 (accumulated depreciation Rs.40,000) was sold for Rs.30,000.

