



INDIAN SCHOOL SOHAR
PRE BOARD EXAMINATION (2019-20)
ACCOUNTANCY

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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 NOT FOR PROFIT ORGANISATIONS , PARTNERSHIP FIRMS & COMPANIES)

1. Give two examples of capital expenditure of Non-profit organizations. **1**
2. Salary paid in cash during the year was Rs.80,000.Outstanding at the end of the year Rs.4,000.Salary paid in advance last year Rs.3,200 and current year Rs.5,000.What is the amount debited to income and expenditure account of salary.
(a)85,800 (b) 77,800
(c)82,200 (d) 74,200 **1**
3. Calculate the value of goodwill on the basis of two years purchase of super profits. Average net profit of the firm expected in the future is Rs.60,000.The average capital employed in the business is Rs.3,00,000.Normal profit expected from the capital invested in the business is 10%.The remuneration of the partners is estimated to be 9,000 p.a **1**
4. X and Y shared profits and losses in the ratio of 3:2 with effect from 1st April,2019 they agreed to share profits equally. The goodwill of the firm was valued Rs.60,000.The adjustment entry will be
(a)Debit Y and Credit X with Rs.6,000
(b)Debit X and credit Y with Rs.6,000
(c)Debit X and Credit Y with Rs. 600
(d)Debit Y and Credit X with Rs.600. **1**
5. A, B are partners in a firm sharing profits and losses in the ratio of 3:2. A surrenders 1/5th of his share, whereas B surrenders 2/5th of his share in favour of C, the new partner. Calculate new profit sharing ratio. **1**
6. What does a bearer debenture mean? **1**
7. On 1st April 2018 Mohan limited issued 10,000, 9% debentures of Rs.100 each at a premium of 10% redeemable at par after three years. What is the amount of debenture redemption reserve and Debenture redemption Investment are required to be created by the company? **1**
8. Distinguish between gaining ratio and sacrificing ratio **1**

9. Raj and Seema started a partnership firm on 1st July, 2018. They agreed that Seema was entitled to a commission of 10% of the net profit after charging Raj's salary of Rs.2,500 per quarter and Seema's commission. The net profit before charging Raj's salary and Seema's commission for the year ended 31st March 2019 was Rs.2,27,500. Calculate Seema's Commission. **1**
10. On dissolution of a firm, its balance sheet revealed total creditors Rs.50,000, total capital Rs.48,000, cash balance Rs.3,000. Its assets realized at 10% less. What will be value of assets realized? **1**
11. X,Y and Z are partners sharing profits in the ratio of 3:2:1.However Z is guaranteed Rs.15,000 as his share of profits every year. Deficiency, if any, would be borne by the other partners. The profits for the year was Rs.75,000. Pass the adjustment journal entry. **1**
12. What is purchased goodwill? **1**
13. X limited purchased a running business from G limited for a sum of Rs.18,00,000 payable, by the issue of equity shares of Rs.100 each at a premium of Rs. 20 per share. The assets and liabilities consisted the following: Plant Rs.8,00,000, Land Rs.6,00,000, creditors Rs.1,00,000. What is the value of goodwill and the number of equity shares to be issued?
 (a) Goodwill Rs.7,00,000 and no of shares 15,000,
 (b) Goodwill Rs.4,00,000 and no of shares 18,000,
 (c) Goodwill Rs.5,00,000 and no of shares 15,000,
 (d) Goodwill Rs.3,00,000 and no of shares 12,000. **1**
14. Savera club gave the following details about subscription for the year ended 31st March 2019 :

Subscription received during 2018-19	70,000
Subscriptions outstanding on 31 st March 2018	17,000
Subscriptions received in advance on 31 st March 2018	3,250
Subscriptions received in advance on 31 st March 2019	4,670
Subscriptions outstanding as on 31 st March 2019	11,250

Show the subscription in income and expenditure account for the year ended 31st March 2019 and the balance sheet as 31st March 2019.

(OR)

Social club of Bangalore provided the following information.

Sports fund	5,00,000
10% sports fund investments as on 1 st April 2018	5,00,000
Interest received on sports fund investments	37,500
Donation for sport fund	1,20,000
Sport prizes awarded	1,00,000
Expenses on sports events	15,000

Show how you will deal with the following items while preparing the balance sheet of the club as on 31st March 2019. **3**

15. L and M were partners in a firm sharing profits in the ratio of 2:3. On 28-2-2019 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. 4

16. Complete the following journal entries:

JCV Ltd forfeited 200 shares of Rs.10 each at a premium of Rs.2 per share for the non-payment of allotment of Rs.3 per share (including premium). The first and final call of Rs.4 per share has not been made yet. 50% of forfeited shares were reissued at Rs.8 per share fully paid up. Pass necessary journal entries for the forfeiture and re-issue of shares. 4

(OR)

Date	Particulars	LF	Debit	Credit
	Share capital a/c Dr. Dr. _____ To ----- To ----- (Being 100 shares forfeited for non-payment of allotment of Rs.3 per share issued at a premium of Rs.1. call is not made for Rs.2 per share)		1000	----- -----
	----- Dr. To ----- To ----- (Being 75 forfeited shares reissued as Rs.11 per share of Rs.10 paid up)		-----	----- -----
	----- Dr. To ----- (Being profit on reissue transferred to -----)		-----	-----

17. 1.4.2016 VV limited issued 1,000 9% debentures of Rs.100 each at a discount of 6% redeemable at a premium of 10% after three years. Pass necessary journal entries for the issue of debentures for the year ended 31.3.2017, assuming that interest is payable on 30th September and 31st March and the rate of tax deducted at source is 10%. The company closes its books on 31st March every year.

(OR)

On 1st April 2016, Ganesh limited issued 12%, 6,000 debentures of Rs.100 each at a premium of 10%. These debentures were redeemable after 3 years at a premium of 10%. The company decided to transfer the minimum required amount to DRR as on 31st March 2018. It also made the required investment in government securities earning interest @ 8% p.a. on 1st April 2018. Tax was deducted at source on interest earned is 10%.

Ignoring the entries relating to writing off loss on issue of debentures and interest paid on debentures, pass necessary journal entries to record the redemption of debentures. **4**

18. A, B and C were partners in a firm sharing profits in the ratio of 5:3:2. On 31st March, 2019 their balance sheet was as under:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	7,000	Buildings	20,000
General reserve	10,000	Machinery	30,000
Capitals		Stock	10,000
A	30,000	Patents	6,000
B	25,000	Cash	21,000
C	15,000		
Total	87,000	Total	87,000

B died on 1st October 2019. It was agreed between his executors and the remaining partners that:

(i) Goodwill to be valued at 2 years purchase of the average profits of the previous five years, which were 2015- Rs.15,000, 2016 - Rs.13,000, 2017- Rs.12,000, 2018 - Rs.15,000 and 2019- Rs.20,000.

(ii) Patents be valued at Rs.8,000, machinery at Rs.28,000 and buildings at Rs.30,000.

(iii) Profit for the year 2019-2020 will be taken as having accrued at the same rate as that of the previous year.

(iv) Interest on capital is to be provided at 10% p.a.

(v) A sum of Rs.10,000 was paid to his executors immediately. Prepare B's capital account to be presented to his executors. **4**

19. B, G and M are partners in a firm sharing profits and losses in the ratio of 4:5:6. On 1st March, 2019 G retired. On that date the capitals of B, G and M before the necessary adjustments stood at Rs.2,00,000, Rs.1,00,000 and Rs.50,000 respectively. On G's retirement goodwill of the firm was valued at Rs.1,14,000 respectively. Revaluation of assets and re-assessment of liabilities resulted in a profit of Rs.6,000. General reserve stood in the books of the firm at Rs.30,000.

The amount payable to G was transferred to his loan account. B and M agreed to pay G in two yearly installments of Rs.75,000 including interest @ 10% p.a. on the outstanding balance during the first two years and the balance including interest in the third year. The firm closes its books on 31st March every year. Prepare G's capital and loan account till it is finally paid showing the working notes clearly. **6**

20. Following is the Receipt and payments account of Natraj literary Society for the year ended 31st March 2016.

Receipts	Amount	Payments	Amount
To Balance b/d	7,200	By salaries	16,500
To donations	8,000	By sundry expenses	1,000
To Rent of the hall	15,400	By charities	1,500
To proceeds of lectures locker rent	4,700	By cost of lectures	3,000
To interest on bonds	900	By newspapers	3,800
To journey receipts	5,600	By journey expenses	4,400
To sale of old newspapers	300	By books	14,000
To sale of old furniture (book value 2000)	400	By mowing machine (purchased on 1.7.2015)	10,000
To subscriptions		By furniture	7,000
2014-15	1,500	By postage	400
2015-16	38,000	By conveyance expenses	800
2016-17	800	By balance c/d	20,400
Total	82,800	Total	82,800

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

(i) There are 400 members each paying an annual subscription of Rs.100.

(ii) On 31st March 2015, the trust owned buildings Rs.75,000, furniture Rs.10,000, books R.6,000 and 12% bonds Rs.10,000.

(iii) Salaries of Rs.1,500 for March 2016 were not paid. Journey income to be receivable Rs.400.

(iv) Charge depreciation @ 10% p.a. for buildings, mowing machine and 20% on the closing balance of furniture and books.

(v) It was decided to treat 50% of the amount received on account of the donations are capital in nature.

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21. O, R and S were partners in a firm sharing profits in the ratio of 3:2:1. On 1.4.2019 their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
Capital account		R current account	7,000
O	1,75,000	Land and building	1,75,000
R	1,50,000	Plant and machinery	67,000
S	1,25,000	Furniture	80,000
Current account		Investments	36,500
O	4,000	Bills receivable	17,000
S	6,000	Sundry debtors	44,000
General reserve	15,000	Stock	1,37,000
Profit and loss account	6,000	Bank	43,500
Creditors	80,000		
Bills payable	46,000		
Total	6,07,000	Total	6,07,000

On the above date, H was admitted on the following terms:

(i) H will bring Rs.1,50,000 as his capital and will get 1/6th share in the profits.

(ii) He will bring necessary cash for his share of goodwill premium. The goodwill of the firm was valued at Rs.90,000.

(iii) The new profit sharing ratio will be 2:2:1:1.

(iv) The value of stock, furniture and investments is reduced by 20%, whereas the value of land and building and plant and machinery will be appreciated by 20% and 10% respectively.

(v) The capital accounts of the partners will be adjusted on the basis of H's capital through their current accounts.

Prepare revaluation account and partner's capital accounts and balance sheet after admission. Pass necessary journal entries if required.

(OR)

Lisa, Monika and Nisha are partners in a firm sharing profits and losses in the ratio of 2:2:1. On 31st March, 2019 their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
Trade creditors	1,60,000	Land and buildings	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		
Total	36,40,000	Total	36,40,000

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

(i) Land and building be appreciated by Rs.2,40,000 and machinery be depreciated by 10%.

(ii) 50% of the stock was taken over by the retiring partner at book value.

(iii) Provision for doubtful debts was to be made at 5% on debts.

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

(v) The total capital of the new firm be fixed at Rs.27,00,000 which will be in the proportion of the new profit sharing ratio of Lisa and Nisha. Excess cash will be withdrawn or brought in by the partners. Prepare revaluation account, partner's capital account and the balance sheet after Monika's retirement.

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22. KS limited invited applications for issuing 1,60,000 equity shares of Rs.10 each at a premium of Rs.6 per share. The amount was payable as follows:

On application Rs.4 per share (including Rs.1 premium)

On allotment Rs.6 per share (including Rs.3 premium)

On first and final call Rs.6 (including Rs.2 premium)

Applications for 3,20,000 shares were received. Applications for 80,000 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. Jeevitha 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 1,200 shares failed to pay the final call. His shares were also forfeited. Out of the forfeited shares 1,000 shares were reissued at Rs.8 per share fully paid up. The reissued shares included all the forfeited shares of Jeevitha. Pass necessary journal entries for the above transactions in the books of the company.

(OR)

R limited invited applications for issuing 1,00,000 equity shares of Rs.10 each. The shares were issued at a premium of 60%. The amount was payable as follows:

On application and allotment Rs.6 per share (including premium of Rs.4)

On first and final call- Balance including premium

Applications for 2,00,000 were received. The allotment was made as follows:

Category A Applications for 20,000 shares were rejected.

Category B Applications for 1,00,000 shares were allotted 50,000 shares.

Category C Applications for 80,000 shares were allotted 50,000 shares.

Excess money received on applications and allotment was adjusted towards sums due on first and final call.

Ali, who belonged to Category B and had applied for 1,000 shares failed to pay the call money.

Bali, who belonged to Category C was allotted 1,000 shares failed to pay the first and final call money. His shares were forfeited and re-issued at Rs.15 per share fully paid up.

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

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PART-B ANALYSIS OF FINANCIAL STATEMENTS

23. What is the main objective of preparing the cash flow statement? **1**
24. The _____ ratios provide the information critical to the long run operation of the firm.
- (a) Liquidity (b) Activity
- (c) Solvency (d) Profitability **1**
25. Ramit bought 200 shares of a company @ 16 per share. Out of which he sold shares @ 20 per share. What is the profit made by him? What is the percentage of profit? **1**
26. State the interest on tax authorities in the analysis of financial statements. **1**
27. Under what heads the following items on the equity and liabilities side of the balance sheet of a company will be presented:
- (a) Unclaimed dividend (b) Securities premium reserve **1**
28. Jain limited operating cycle is 12 months and payment is received in 15 months, how will you classify the asset? **1**
29. Current ratio of Reliance textiles limited is 1.5 at present. In future it wants to improve the ratio from 1.5 to 2. Suggest any two accounting transactions for improving the current ratio. **1**

30. Prepare the comparative income statement of X limited

3

Particulars	Note No	2018-19	2017-18
Revenue from operations		22,00,000	10,00,000
Purchase of stock in trade		7,70,000	4,20,000
Change in inventories		1,20,000	80,000
Other expenses		50,000	30,000
Other incomes		60,000	50,000
Tax rate 50%			

(OR)

Following is the information extracted from Daiso limited for the year ended 31st March 2019.

Prepare the common size income statement.

Particulars	Note No	2018-19	2017-18
Revenue from operations		60,00,000	45,00,000
Employee benefit expenses		30,00,000	22,50,000
Depreciation		7,50,000	6,00,000
Other expenses		15,50,000	10,00,000
Tax rate 50%			

31. From the following details calculate the amount of opening and closing trade receivables from the following:

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- Trade receivables turnover ratio 6 times
 Cost of revenue from operations Rs.6,00,000
 Gross profit ratio 20% on cost
 Cash revenue from operations being 25% of total revenue from operations
 Opening trade receivables were 1/4th of closing trade receivables.

(OR)

(a) Calculate operating ratio from the following information:

- Net revenue from operations 8,00,000
 Cash revenue from operations 2,00,000
 Gross profit ratio 20%
 Office and selling expenses 60,000
 Depreciation 20,000
 Loss on sale of plant 10,000

(2 marks)

(b) From the following information compute debt equity ratio:

- Long term borrowings 1,00,000
 Long term provisions 50,000
 Current liabilities 25,000
 Non-current assets 1,80,000
 Current assets 45,000

(2 marks)

32. From the following Balance sheet of X 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		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
Total		33,70,000	27,40,000
II ASSETS			
1.Non-Current Assets			
(a)Fixed Assets			
(i)Tangible assets	5	24,00,000	19,00,000
(ii) Intangible assets	6	2,00,000	3,00,000
(b) Non-Current investments		3,00,000	2,00,000
2.Current assets			
(a) Current investments		1,40,000	1,70,000
(b)Inventories		2,60,000	1,30,000
(c)Cash and cash equivalent		70,000	40,000
Total		33,70,000	27,40,000

Note to Accounts

Note No	Particulars	31.3.2018	31.3.2017
1	Reserves and surplus (surplus in statement of profit and loss)	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 (i)Provision for taxation	2,00,000	1,65,000
5	Tangible assets Machinery Accumulated depreciation	26,00,000 (2,00,000)	20,00,000 (1,00,000)
6	Intangible assets: goodwill	2,00,000	3,00,000

Additional information:

(i)Tax paid Rs.1,50,000.(ii)Rs.1,00,000, 12% debentures were issued on 1st April 2017.(iii)During the year machine costing Rs.80,000 (accumulated depreciation Rs.40,000) was sold at a profit of Rs.20,000.