SET-II
Subject Code:055

# COMMON PRE-BOARD EXAMINATION 2017-18
# ACCOUNTANCY

**CLASS XII**

Time Allowed: 3 hours Maximum Marks: 80

*General Instructions:*

*1) This question paper contains two parts- A and B.*
*2) Part A is compulsory for all.*
*3) All parts of a question should be attempted at one place.*
*4) This question paper contains 23 questions*

## Part A
## (Accounting for Partnership Firms and Companies)

1) A, B and C were partners. On 1st January, 2016, B died and his share of profit of 3/9 was acquired by A and C in the ratio of 2:1.After that their new ratio became 2:1. Find out the old ratio in which profits/losses were shared by A, B and C. (1)

2) Kiran Ltd. purchased an Asset worth ₹5,00,000 from Visesh Ltd. at a purchase consideration of ₹4,00,000. 1/5th of the amount was paid by cheque and balance amount was settled by issuing 10% debentures of ₹100 each at a premium of 25%. Calculate the number of debentures issued by Kiran Ltd. for the above-mentioned settlement. (1)

3) Name the asset that is not transferred to the debit side of realisation account, but brings certain amount of cash against its disposal at the time of dissolution of the firm. (1)

4) P,Q, R and S were partners of a firm. On 1st April, 2016, at the time of retirement of Q, the firm valued its goodwill at 2 years purchase of the average profits of last three years as ₹50,000 when the profits of last three years were; 2014- ₹20,000, 2015- ₹25,000 and 2016- ₹30,000.On 1st April, 2017, they admitted a new partner K and for that they revalued its goodwill at 2 years purchase of the average profits of last three years as ₹ 60,000. Calculate the profit earned by the firm as on 31st March 2017. (1)

5) When a company forfeited its 1,000 shares after all the calls, the amount transferred to forfeiture account was ₹6,000. Company decided to reissue all these forfeited shares at maximum discount. At what price each share can be reissued. (1)

6) Anwar, Bharat and Christy are in partnership without partnership deed. On 1st January, 2017 Bharat has extended a loan of ₹12,00,000 to the firm. At the end of the year, the profit of the firm was only ₹15,000. Calculate the interest on loan payable to Bharat for the year ending 31st March, 2017. (1)

7) A and B are partners in a firm. A was to get a commission of 10% on the net profits before charging any commission. However, B was to get a commission of 10% on the net profits after charging all commissions. Fill in the missing figures in the following Profit and Loss Appropriation Account for the year ended 31st March, 2016. (3)

| Particulars | ₹ | Particulars | ₹ |
|---|---|---|---|
| To A's Commission | | By Profit & Loss A/c | ---------- |
| ( ₹------ x10/100) | 66,000 | | |
| To B's Commission | --------- | | |
| To Profit transferred to Capital A/cs: | | | |
| A -------- | | | |
| B --------- | ---------- | | |
| | ---------- | | ---------- |

8) X Ltd. was formed with a capital of ₹15,00,000 divided into equity shares of ₹10 each. Out of these 6,000 shares were issued to the vendors as fully paid as purchase consideration for a building acquired, 3,000 shares were issued to signatories to the Memorandum of Association as fully paid up. The directors offered 19,500 shares to the public and called up ₹6 per share and received the entire called up amount on shares allotted. Prepare a balance sheet showing share capital as per schedule III part I of the Companies Act, 2013 from the above transactions in the books of X Ltd. Also, prepare notes to account for the same. (3)

9) Bhadra Ltd. invited application for public subscription of 5,000 shares of ₹10 each at a premium of 50%. The whole amount was payable on application. Company received application for 10,000 shares and the excess application money was refunded. Pass necessary journal entries for the issue of shares. (3)

10) Madhav Ltd. issued 365, 9% debentures of ₹1,000 each on 4-3-2016. Pass necessary journal entries for the issue of debentures in the following situations:

(a) When debentures were issued at par redeemable at a premium of 10%.

(b) When debentures were issued at 6% discount, redeemable at 5% premium. (3)

11) M and D were partners sharing profits and losses in the ratio of 2:1.During the year, M has withdrawn ₹2,000 in the beginning of each month and D has withdrawn ₹5,000 at the end each month. Interest on drawing was charged at 6% p.a. After closing the books for the year ended 31st March, 2017, it was found that interest was charged on M's drawings as withdrawal made at the end of each month and on D's drawings as withdrawal made at the beginning of each month. Pass a single journal entry to rectify the above. Also, show your working clearly. (4)

12) Jain and Gupta are partners in a firm sharing profits and losses in the ratio of 2:3. Their balance sheet as at 31.03.2017 is as follows;

| Liabilities | | ₹ | Assets | ₹ |
|---|---|---|---|---|
| Capital: | | | Land | 60,000 |
| Jain | 90,000 | | Building | 50,000 |
| Gupta | 60,000 | 1,50,000 | Plant | 1,00,000 |
| Creditors | | 60,000 | | |
| | | 2,10,000 | | 2,10,000 |

The goodwill of the firm has been valued at ₹75,000, land ₹1,50,000 and Building ₹ 45,000. On 31st March, 2017, the partners decided to share profits equally with effect from April 1st 2017. You are required to record necessary journal entry to be made in the books of the firm on account of change in profit sharing ratio. (4)

13) Charu, Divya and Esha were partners in a firm, Pass journal entries for the following transactions on dissolution of the firm after various assets and external liabilities have been transferred to realisation account.

i) An unrecorded asset of ₹40,000 was given to an unrecorded creditor of ₹ 60,000 in settlement of his claim of ₹ 45,000 and the balance was paid to him in cash.

ii) A motorbike which was not recorded in the books was taken over by Charu at ₹ 10,000, where as its expected value was ₹ 15,000.

iii) Creditors to whom the firm owed ₹ 50,000, accepted stock of ₹ 30,000 at a discount of 20% and the balance in cash.

iv) X, an old customer, whose account for ₹ 20,000 was written off as bad in the previous year, paid 40% of the amount written off.

v) Esha paid the realisation expenses of ₹ 20,000 out of her pocket and she was to get a fixed remuneration of ₹ 25,000 for completing the dissolution process.

vi) Divya's loan of ₹40,000 was discharged at ₹ 42,000. (6)

14) Ram, Midhun and Sohan were partners sharing profits in 5:3:2 ratio respectively. Their balance sheet as at 31.03.2017 was as follows:

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| Capitals: | | Cash at bank | 40,000 |
| Ram | | Stock | 1,90,000 |
| 1,50,000 | | Machinery | 1,50,000 |
| Midhun | 3,50,000 | Patents | 30,000 |
| 1,25,000 | 1,55,000 | Land | 1,25,000 |
| Sohan | 30,000 | | |
| 75,000 | | | |
| Creditors | 5,35,000 | | 5,35,000 |
| Workmen's Compensation Reserve | | | |

Sohan died on 1 st August, 2017 and it was agreed that:

(i) Goodwill of the firm was valued ₹1,75,000.

(ii) Machinery was valued at ₹ 1,40,000,Patents at ₹ 40,000, and land at ₹ 1,50,000 on this date.

(iii) For the purpose of calculating Sohan's share in the profits of 2017-2018,the profits should be taken to have accrued on the same scale as in 2016-2017, which were ₹75,000.

(iv) Sohan mentioned in his will that the amount payable to his legal representatives should be used for welfare of the society.

a) Prepare Sohan's Capital account.

b) Suggest any two ways by which the amount payable to Sohan's legal representative may be utilized for welfare of the society. (6)

15) Varna Ltd. issued 20,000, 9% Debentures of ₹100 each at a discount of 10% on 01-04-2013, redeemable on 31-03-2017 at par. Company decided to write off the discount on issue of debentures equally in every year from 31-03-2014 to 31-03-2017.Assuming that Debentures are to be redeemed out of profits fully and Debenture Redemption Reserve has a balance of ₹5,60,000 on that date. Record necessary journal entries for the redemption of debentures. Also, prepare discount on issue of debenture account. (6)

16) Rupa Ltd. issued 2,00,000 shares of ₹10 each at a premium of ₹4 per share payable as follows:

₹ 4 on Application

₹ 6 on Allotment

₹ 4 on call.

Applications were received for 2,80,000 shares and pro-rata allotment was made as follows:

To the applicants of 2,00,000 shares, 1,60,000 shares were issued and for the rest 40,000 shares were issued. All moneys due were received except the allotment money and call money from Shiva who had applied for 3,000 shares (out of the group of 2,00,000 shares). All his shares were forfeited. 1,500 of the forfeited shares were re-issued for ₹8 per share fully paid-up.

Pass necessary journal entries for the above transactions in the books of Rupa Ltd. (8)

**OR**

RK Ltd. invited applications for issuing 70,000 equity shares of ₹10 each at a premium of ₹35 per share. The amount was payable as follows:

On Application ₹15 (including ₹12 premium)

On Allotment ₹10 (including ₹8 premium)

On First and Final Call Balance

Applications for 65,000 shares were received and allotment was made to all the applicants. A shareholder, Ram, who was allotted 2,000 shares, failed to pay the allotment money. His hares were forfeited immediately after allotment. Afterwards, the first and final call was made. Sohan, who had 3,000 shares, failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares, 4,000 shares were re-issued at ₹50 per share fully paid up. The re-issued shares included all the shares of Ram.

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

17) Vikas, Vijay and Veena were partners in a firm sharing profits in the ratio of 3:1:1. On 1st April, 2016 their Balance Sheet was as follows:

| Liabilities | | ₹ | Assets | | ₹ |
|---|---|---|---|---|---|
| Creditors | | 1,20,000 | Cash | | 70,000 |
| Bills Payable | | 1,80,000 | Debtors | 2,00,000 | |
| General Reserve | | 1,20,000 | Less: Provision | 10,000 | 1,90,000 |
| Capitals: | | | Stock | | 2,20,000 |
| Vikas | 3,00,000 | | Furniture | | 1,20,000 |
| Vijay | 2,80,000 | | Building | | 3,00,000 |
| Veena | 3,00,000 | 8,80,000 | Land | | 4,00,000 |
| | | 13,00,000 | | | 13,00,000 |

On the above date Veena retired and the following was agreed:

(i) Goodwill of the firm was valued at ₹40,000

(ii) Land was to be appreciated by 30% and building was to be depreciated by ₹ 1,00,000

(iii) Value of furniture was to be reduced by ₹20,000.

(iv) Bad debts provision is to be increased to ₹15,000

(v) 10% of the amount payable to Veena was paid in cash and the balance transferred to her Loan Account.

(vi) Capitals of Vikas and Vijay will be in proportion to their new profit sharing ratio. The surplus/ deficit, if any in their Capital Accounts will be adjusted through Current Accounts.

Prepare Revaluation Account, Partners' Capital Account and Balance Sheet of Vikas and Vijay after Veena's retirement. (8)

**OR**

Following is the balance sheet of A,B and C sharing profits and losses in proportion of 6:5:3 respectively:

| Liabilities | | ₹ | Assets | ₹ |
|---|---|---|---|---|
| Creditors | | 18,900 | Cash | 1,890 |
| Bills payable | | 6,300 | Debtors | 26,460 |
| General Reserve | | 10,500 | Stock | 29,400 |
| Capitals: | | | Furniture | 7,350 |
| A | 35,400 | | Land & Building | 45,150 |
| B | 29,850 | | Goodwill | 5,250 |
| C | 14,550 | 79,800 | | |
| | | 79,800 | | 79,800 |

They agreed to take D into partnership and give him 1/8th share on the following terms:

(i) That Furniture be depreciated by ₹ 920

(ii) An old customer, whose account was written off as bad, has promised to pay ₹ 2,000 in full settlement of his debt.

(iii) That a provision of ₹ 1,320 be made for outstanding repair bills.

(iv) That the value of Land and Building having appreciated be brought up to ₹ 56,910.

(v) That D should bring in ₹ 14,700 as his capital.

(vi) That D should bring in ₹ 14,070 as his share of goodwill.

(vii) That after making the above adjustments, the capital accounts of old partners be adjusted on the basis of the proportion of D's capital to his share in business, i.e., actual cash to be paid off or brought in by the old partners, as the case may be.

Pass necessary journal entries and prepare Balance Sheet of new Firm.

## Part B

## (Analysis of Financial Statements)

18) State whether discount received on making payment to suppliers would result into inflow, outflow or no flow of cash. (1)

19) Mention the net amount of "Source" and "Use" of Cash from the following:
Issue of Shares for ₹20,00,000 against purchase of assets of a business comprising Non-Currents Assets ₹15,00,000; Current Assets ₹7,50,000 and took over Current Liabilities ₹2,50,000. (1)

20) a) State the major headings and sub heads under which the following items will be put as per Schedule III Part I of the Companies Act, 2013.
i)Discount on issue of shares; (ii) Interest accrued on investment; (iii) Preliminary expenses; (iv)Mining Rights (2)

b) ABC Ltd. is a manufacturing concern, which uses only substandard raw-materials for production. In addition, the wages paid to the workers was also less. In these ways they reduced the cost of production but sold goods at a higher rate and earned more profit than similar type of companies. They also showed lee amount of profit as per their statement of Profit and Loss to reduce the tax obligation. Because of all these they could not make a good image in that society and they could not survive for long. Which all values that you may advice to such companies through that they can make good reputation. (2)

21) Following is the Common-Size Statement of Profit and Loss:

Common-Size Statement of Profit & Loss

For the years ended 31st March, 2015 and 2016

| Particulars | Note No. | Absolute Figure | | % to Revenue from Operations | |
|---|---|---|---|---|---|
| | | 2014-15 | 2015-16 | 2014-15 | 2015-16 |
| I .Revenue from Operations | | 60,00,000 | 80,00,000 | ------- | -------- |
| II.Other Income | | -------- | ------- | 5 | 4 |
| III. Total Revenue (I+II) | | ------- | ------- | ------ | -------- |
| IV. Expenses: | | | | | |
| a) Purchase of stock in trade | | ------- | ------ | 60 | 50 |
| b) Change in inventories of stock in trade | | 3,00,000 | 3,20,000 | ------- | ------- |
| c) Employee Benefit Exp. | | -------- | -------- | 10 | 10 |
| d) Finance Cost | | 1,80,000 | -------- | ------ | 6 |
| e) Other expenses | | 1,20,000 | 3,20,000 | ------ | ------ |
| Total Expenses | | --------- | --------- | -------- | -------- |
| V. Profit before Tax (III-IV) | | -------- | -------- | -------- | -------- |

You are required to fill in the missing figures. (4)

22) Calculate the amount of Opening Trade Receivables and Closing Trade Receivables from the following figures:

Trade Receivables Turnover Ratio 6 times

Cost of Revenue from Operations ₹9,00,000

Gross Profit Ratio 25%.

Cash Revenue from Operations being 1/4th of Credit Revenue from Operations.

Opening Trade Receivables were 1/3rd of Closing Trade Receivables. (4)

23) Following are the Balance Sheets of Sewak Ltd. as at 31-03-2016 and 31-03-2015:

| Particulars | Note No. | 31-03-2016 | 31-03-2015 |
|---|---|---|---|
| I.EQUITY AND LIABILITIES: | | | |
| 1. Shareholder's funds: | | | |
| (a) Share Capital | | 7,00,000 | 4,00,000 |
| (b) Reserves & Surpluses | 1 | (3,20,000) | (50,000) |
| 2. Non-Current Liabilities: | | | |

| | | | |
|---|---|---|---|
| (a) Long-term borrowings | 2 | 4,00,000 | 2,00,000 |
| 3. Current Liabilities | | | |
| (a) Trade Payables | | 1,50,000 | 1,10,000 |
| (b) Other Current Liabilities | 3 | 20,000 | 10,000 |
| Total | | 9,50,000 | 6,70,000 |
| II.ASSETS: | | | |
| 1. Non-Current Assets: | | | |
| (a) Fixed Tangible Assets | | 5,00,000 | 3,00,000 |
| (b) Non-Current Investments | | 1,40,000 | 2,00,000 |
| 2. Current Assets: | | | |
| (a) Inventory | | 1,00,000 | 50,000 |
| (b) Trade Receivables | | 1,70,000 | 1,00,000 |
| (c) Cash & Cash Equivalents | | 40,000 | 20,000 |
| Total | | 9,50,000 | 6,70,000 |

Notes to Account

| Particulars | 31-03-2016 | 31-03-2015 |
|---|---|---|
| (1) Reserves & Surpluses: | | |
| Profit & Loss Balance | (3,20,000) | (50,000) |
| (2) Long-term Borrowings: | | |
| 9% Debentures | 4,00,000 | 2,00,000 |
| (3) Other Current Liabilities: | | |
| Outstanding Expenses | 20,000 | 10,000 |

Additional Information:

Included in the fixed tangible assets was a piece of machinery costing ₹70,000 on which depreciation charged was ₹40,000 and it was sold for ₹30,000. During the year ₹ 1,40,000 depreciation was charged on fixed tangible assets.

Prepare a Cash Flow Statement. (6)