

Roll Number

A



INDIAN SCHOOL MUSCAT  
SECOND PRE – BOARD EXAMINATION

ACCOUNTANCY

CLASS: XII

Sub. Code: 055

Time Allotted: 03 hours

05.02.2020

Max. Marks: 80

**General Instructions:**

- This question paper contains two parts A and B.
- All parts of a question should be attempted at one place.

1. Goodwill of the firm on the basis of 2 years' purchase of average profit of the last 3 years is ₹25,000. Find average profit. 1  
(a) ₹50,000 (b) ₹25,000 (c) ₹10,000 (d) ₹12,500
2. The persons who have entered into partnership are individually known as: 1  
a) Partners b) Firm  
c) Association d) None of these
3. Surplus or Deficit Balance of Income and Expenditure Account is transferred to \_\_\_\_\_. 1
4. A, B and C decided that interest on capital will be provided to each partner @ 5% p.a. But after one year, C wants that no interest on capital is to be provided to any partner. State how C can do this. 1
5. According to the Partnership Act, 1932, the interest payable to the deceased partner on the amount left by him will be: 1  
(a) 6%p.a. (b) 10%p.a. (c) 12%p.a. (d) 16% p.a.
6. Debenture Redemption Investment (DRI) should be made of an amount at least equal to \_\_\_\_\_ of the \_\_\_\_\_ of the debentures to be redeemed during the year ending 31<sup>st</sup> March of the next year. 1
7. Loss or Discount on issue of debenture is written off from : 1  
(a) Securities Premium Reserve  
(b) Statement of profit or loss  
(c) Securities Premium Reserve ( if it exists) and thereafter from Statement of Profit and Loss  
(d) None of the above.
8. State whether the following statement is true or false: 1  
Goodwill can be defined as the present value of anticipated profits.

9. In case of retirement, when the firm pays an amount in excess of total amount due to the retiring partner, then excess amount is treated as \_\_\_\_\_ 1
10. If a share of ₹10 issued at a premium of ₹3 on which full amount has been called and ₹8 has been (including premium) paid on it, is forfeited, the share capital account is debited with: 1  
(a) ₹13 (b) ₹10 (c) ₹8 (d) ₹6
11. Share Allotment Account is a/an : 1  
(a) Personal Account (b) Liability Account  
(c) Nominal Account (d) Income Account
12. State any two grounds on the basis of which court may order for the dissolution of the firm. 1
13. Balance Sheet of a firm shows Workmen Compensation Reserve of ₹50,000. There is a workmen compensation liability of ₹10,000. State the ratio and amount of Workmen Compensation Reserve that will be distributed to the partners. 1
14. There are 300 members of a Club each paying ₹500 per annum. Subscriptions received during the year ₹1,00,000. Subscriptions received in advance in the beginning of the year is ₹25,000 and at the end of the year ₹10,000. Calculate Subscriptions outstanding at the end of the year. 3
15. VKR Ltd. issued 975, 9% Debentures of ₹ 500 each on 4-3-2016. Pass necessary journal entries for the issue of debentures in the following situations: 4  
(i) When debentures were issued at a premium of 10%, redeemable at a premium of 6%.  
(ii) When debentures were issued at a par, redeemable at 9% premium.

OR

‘Aishwarya Ltd.’ issued 7,000, 10% Debentures of ₹ 1,000 each at a discount of 10%, redeemable at a premium of 5% after 4 years. According to the terms of issue ₹ 300 was payable on application and balance on allotment of debentures.  
Record necessary entries regarding issue of 10% debentures.

16. A, B and C were partners. Their capitals were ₹30,000, ₹20,000 and ₹10,000 respectively. According to the partnership deed, they were entitled to an interest on capital @5%p.a. in addition, B was also entitled to draw a salary of ₹500 per month. C was entitled to a commission of 5% on the profits after charging the interest on capital, but before charging the salary payable to B. The net profits for the year were ₹30,000, distributed in the ratio of their capitals without providing for any of the above adjustments. The profits were to be shared in the ratio of 2:2:1. Pass the necessary adjustment entry showing the workings clearly. 4
17. Complete the following Journal Entries. 4

Date	Particulars	LF	Amount(₹)	Amount(₹)
2018 Apr 1	Sundry assets a/c Dr _____ a/c Dr To Sundry Liabilities a/c To Shiv Shankar Ltd. ( Being Shiv Shankar Ltd. was taken over by Parvati for the purchase consideration of 18,20,000)		25,00,000 _____ 18,20,000	7,80,000 18,20,000
	Shiv Shankar Ltd _____ Dr _____ Dr		18,20,000	

To _____ To 8% Debentures a/c ( For paying Shiv Shankar Ltd. By issuing a bill of 20,000 and the balance was paid by issue of 8% debentures of 100 each at a discount of 10%)			20,000
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OR

S. Singh Limited obtained a loan of ₹.5,00,000 from State Bank of India @ 10% interest. The company issued ₹.7,50,000, 10% debentures of ₹.100 each in favour of State Bank of India as collateral security. Pass necessary journal entries for the above transactions:

- a) When company decided not to record the issue of 10% Debentures as collateral security.  
b) When company decided to record the issue of 10% Debentures as collateral security.

18. On 1<sup>st</sup> April, 2019 an existing firm had assets of ₹75,000 including cash of ₹5,000. The partners' capital accounts showed a balance of ₹60,000 and reserves constituted the rest. Of the normal rate of return is 20% and the goodwill of the firm is valued at ₹24,000 at 4 years purchase of super profits, Find the average profits of the firm. 4
19. Following Receipts and Payments Account was prepared from the cash book of Delhi Charitable Trust for the year ending 31<sup>st</sup> March 2018: 6

Receipts and Payments Account  
For the year ending on 31<sup>st</sup> March 2018

Receipts	Amount(₹)	Payments	Amount(₹)
To Balance b/d		By Charity	11,500
Cash in hand	11,500	By Rent and taxes	3,200
Cash at bank	12,600	By Salary	6,000
To Donation	9,000	By Printing	600
To Subscriptions	42,800	By Postage	300
To Legacies	18,000	By Advertisement	4,500
To Interest on investment	4,500	By Insurance	2,000
To sale of old newspapers	200	By Furniture	21,600
		By Investment	23,000
		By Balance c/d	
		Cash in hand	9,900
		Cash at Bank	16,000
	98,600		98,600

Prepare Income and Expenditure Account for the year ended March 31, 2018 and a Balance Sheet as at that date after the following adjustments:

- (i) It was decided to treat one-third of the amount received on account of donation as income.  
(ii) Insurance premium was paid in advance ₹500  
(iii) Interest on investment ₹1,100 accrued was not received.  
(iv) Rent ₹600, salary ₹900 and advertisement expenses ₹1,000 outstanding as on March 31, 2018.  
(v) The capital fund as on 31<sup>st</sup> March 2017 was ₹24,100.

20. A and B were partners in a firm sharing profits in the ratio of 3:2. On 31.03.2011, the Balance Sheet of the firm was as follows: 6

Balance Sheet of A and B  
( as at 31<sup>st</sup> March 2011)

Liabilities	₹	Assets	₹
Capitals		Building	2,40,000
A 3,00,000		Furniture	1,75,000

B	2,00,000	5,00,000	Debtors	80,000
Sundry creditors		1,17,000	Stock	75,000
			Cash	47,000
		6,17,000		6,17,000

The firm dissolved on 1.4.2011 and the assets and liabilities were settled as follows:

- Building was taken over by creditors as their full and final payment.
- Furniture was taken over by B for cash payment at 5% less than the book value.
- Debtors were collected by a debt collection agency at a cost of ₹5,000.
- Stock realized ₹70,500
- B agreed to bear all realization expenses. For this service B is paid ₹500. Actual expenses of realization amount to ₹1,000.

Pass necessary journal entries for dissolution of the firm.

**OR**

Shirish, Harit and Asha were partners in a firm sharing profits in the ratio of 5:4:1. Shirish died on 30<sup>th</sup> June 2018. On this date their Balance Sheet was as follows:

Balance Sheet of Shirish, Harit and Asha  
As at 31<sup>st</sup> March 2018

Liabilities	Amount(₹)	Assets	Amount(₹)
Capitals		Plant & machinery	5,60,000
Shirish 1,00,000		Stock	90,000
Harit 2,00,000		Debtors	10,000
Asha 3,00,000	6,00,000	Cash	40,000
Profit & Loss a/c	80,000		
Bills Payable	20,000		
	7,00,000		7,00,000

According to the partnership deed, in addition to deceased partners' capital, his executor is entitled to:

- Share in profits in the year of death on the basis of average of last two years' profit. Profits for the year 2016-2017 was ₹60,000.
- Goodwill of the firm was to be valued at 2 years' purchase of average of last two years' profits.

Prepare Shirish's Capital Account to be presented to his executor.

21. Anshika Ltd. issued applications for 2,00,000 equity share of ₹10 each, at a premium of ₹4 per share. The amount was payable as follows: 8
- On application ₹6(including ₹2 premium)
- On allotment ₹7(including ₹2 premium)
- Balance on first and final call
- Applications for 3,00,000 shares were received. Allotment was made to all the applicants on pro-rata basis. Mehak to whom 400 shares were allotted, failed to pay allotment and call money. Khusbhoo who had applied for 300 shares failed to pay call money. These shares were forfeited after final call. 400 of the forfeited shares (including all share of Khusbhoo) were reissued @ ₹8 per share as fully paid up. Pass necessary journal entries in the books of Anishka Ltd. for the above transactions by opening calls in arrears and calls in advance account wherever necessary.

**OR**

Khyati Ltd. issued a prospectus inviting applications for 80,000 shares of ₹10 each payable as follows:

- ₹2 on application
- ₹3 on allotment
- ₹2 on first call
- ₹3 on final call.

Applications were received for 1,20,000 equity shares. It was decided to adjust the excess amount received on account of over subscription till allotment only.

Hence allotment was made as under:

- 1) To applicants for 20,000 shares – in full
- 2) To applicants for 40,000 shares – 10,000 shares
- 3) To applicants for 60,000 shares – 50,000 shares

Allotment was made and all shareholders paid except Tammana, who had applied for 2,400 shares out of the group (3) could not pay allotment money. Her shares were forfeited immediately, after allotment. Another shareholder Chaya, who was allotted 500 shares out of the group (2) failed to pay first call. 50% of Tamanna's shares were reissued to Satnam as ₹7 paid up for payment of ₹9 per share.

Pass necessary journal entries in the books of Khyati Ltd. for the above transactions by opening calls in arrears and calls in advance account wherever necessary.

22. W and R are partners in a firm sharing profits in the ratio of 3:2. Their Balance Sheet as on 31<sup>st</sup> March 2016 was as follows: 8

Balance Sheet of W and R as on 31-3-2016

Liabilities	₹	Assets	₹
Sundry Creditors	20,000	Cash	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 :		Plant & Machinery	40,000
W 60,000			
R 40,000	1,00,000		
	<b>1,30,000</b>		<b>1,30,000</b>

On the above date, C was admitted for 1/6<sup>th</sup> 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) Debtors ₹ 1,500 will be written off as bad debts and a provision of 5% will be created for bad and doubtful debts.
- (iii) Outstanding salary will be paid off.
- (iv) Stock will be depreciated by 10%, furniture ₹. 500 and plant and machinery by 8%.
- (v) Investments ₹ 2,500 not mentioned in the balance sheet were to be taken into account
- (vi) A creditor of ₹ 2,100 not recorded in the books was to be taken into account.

Prepare the necessary ledger accounts.

OR

Ativ, Meha and Nupur were partners sharing profits and losses in the ratio of 5:3:2. On 31-3-2016, their Balance Sheet was as under:

Liabilities	₹	Assets	₹
Trade Creditors	26,500	Bank	25,000
Employees' Provident Fund	23,500	Debtors	30,000
Ativ's Capital	1,00,000	Stock	55,000
Meha's Capital	50,000	Fixed Assets	1,20,000
Nupur's Capital	40,000	Advertisement Expenditure	10,000
	<b>2,40,000</b>		<b>2,40,000</b>

Ativ retired on 1-4-2016. For this purpose, following adjustments were agreed upon:

- (i) Goodwill of the firm was to be valued at 2 years' purchase of the average profits of 3 completed years preceding the date of retirement. The profits for previous years were: 2013-14 --- ₹ 55,000; 2014-15 --- ₹ 65,000; 2015-16 --- ₹ 60,000.

- (ii) Fixed Assets were to be increased by ₹ 25,000.  
 (iii) Stock was overvalued by ₹ 5,000.  
 (iv) ₹ 20,000 was immediately paid to Ativ and the balance was transferred to his Loan Account.  
 Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

## PART- B

### (Analysis of Financial Statements)

23. Provision for Provident Fund is shown in the Balance Sheet of a company under the head: 1  
 (a) Reserves and Surplus  
 (b) Non-Current Liabilities  
 (c) Short term Provisions  
 (d) Contingent Liabilities
24. Which of the following transactions will result into flow of cash? 1  
 (a) Cash withdrawn from bank ₹20,000.  
 (b) Issued ₹20,000, 9% debentures for the vendors of machinery.  
 (c) Received ₹19,000 from debtors  
 (d) Deposited cheques of ₹10,000 into bank.
25. \_\_\_\_\_ establishes the relationship between proprietors' funds and the total assets. 1
26. When long term debts are increased and shareholders' funds remain unchanged, Debt to Equity Ratio will increase. 1
27. "Cash advances and loans" made by financial enterprises will be shown under which type of activity while preparing cash flow statement? Give reason in support of your answer. 1
28. State any one limitations of Financial Statement Analysis. 1
29. When Accounting Income is more than taxable income. It is known as \_\_\_\_\_. 1
30. A company's Inventory Turnover is 5 times. Inventory at the end is ₹20,000 more than that at the beginning. Revenue from operations are ₹8,00,000. Rate of Gross profit on cost is  $\frac{1}{4}$ ; Current liabilities ₹2,40,000, Acid Test Ratio : 0.75. Calculate Current Ratio. 3

## OR

- i) The quick ratio of the company is 1.5:1. State with reason which of the following transactions would (a) Increase (b) Decrease or (c) Not change in the ratio  
 (a) Paid rent 3,000 in advance  
 (b) Trade receivable included a debtor Shri Ashok who paid his entire amount due ₹9,700

- (ii) From the following information, compute 'Proprietary ratio':

	₹
Long term Borrowings	2,00,000
Long term Provisions	1,00,000
Current Liabilities	50,000
Non-Current assets	3,60,000
Current Assets	90,000

31. Following information was extracted from the Statement of Profit and Loss for the years ended 31<sup>st</sup> March, 2018 and 2019. Prepare Comparative Statement of Profit and Loss: 4

Particulars	Note No	31 <sup>st</sup> March 2019(₹)	31 <sup>st</sup> March 2018(₹)
Revenue from operations		10,00,000	8,00,000
Employee Benefit Expenses		5,00,000	4,00,000
Other Expenses		50,000	1,00,000
Tax rate		50%	50%

OR

Prepare a Common Size Balance Sheet of X Ltd. and Y Ltd. The Balance Sheets of X Ltd. and Y Ltd. as at 31<sup>st</sup> March 2016 are given below:

Particulars	Note No	X Ltd. (₹)	Y Ltd. (₹)
<b>I. EQUITY AND LIABILITIES</b>			
1. Shareholders' Funds			
(a) Share Capital		1,00,000	1,35,000
(b) Reserves and Surplus		50,000	65,000
2. Non-Current Liabilities			
(a) Long term Borrowings		75,000	62,500
3. Current Liabilities			
(a) Short-term provisions		25,000	37,500
<b>Total</b>		<b>2,50,000</b>	<b>3,00,000</b>
<b>II. ASSETS</b>			
1. Non-current Assets			
(a) Fixed Assets		1,00,000	1,75,000
2. Current Assets			
(a) Cash and Cash Equivalents		1,50,000	1,25,000
<b>Total</b>		<b>2,50,000</b>	<b>3,00,000</b>

32. From the following Balance sheets of DCX Ltd. and the additional information as at 31<sup>st</sup> March 2018, prepare a Cash Flow Statement: 6

Particulars	Note No.	31.03.2018(₹)	31.03.2017(₹)
<b>I. Equity and Liabilities:</b>			
(1) Shareholder's Fund			
(a) Share Capital		30,00,000	21,00,000
(b) Reserves and surplus	1	4,00,000	5,00,000
(2) Non-Current Liabilities:			
(a) Long term Borrowings	2	8,00,000	5,00,000
(3) Current Liabilities:			
(a) Trade Payables		1,50,000	1,00,000
(b) Short term Provisions	3	76,000	56,000
<b>Total</b>		<b>44,26,000</b>	<b>32,56,000</b>
<b>II. Assets</b>			
(1) Non-current Assets:			
(a) Tangible Assets	4	27,00,000	20,00,000
(b) Intangible Assets		8,00,000	7,00,000
(2) Current Assets:			
(a) Current Investments		89,000	78,000
(b) Inventories		8,00,000	4,00,000
(c) Cash and Cash		37,000	78,000
Equivalents			
<b>Total</b>		<b>44,26,000</b>	<b>32,56,000</b>

Notes to accounts:

Note	Particulars	31.03.2018(₹.)	31.03.2017(₹.)
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No.			
1.	Reserves and Surplus: Surplus i.e. Balance in the Statement of Profit and Loss)	4,00,000	5,00,000
		4,00,000	5,00,000
2.	Long term Borrowings: 8% Debentures	8,00,000	5,00,000
		8,00,000	5,00,000
3.	Short term Provisions: Provision for tax	76,000	56,000
		76,000	56,000
4.	Tangible Assets: Machinery	33,00,000	25,00,000
	Less: Accumulated depreciation	(6,00,000)	( 5,00,000)
		27,00,000	20,00,000

Additional information:

(i) During the year a machinery costing ₹8,00,000 on which accumulated depreciation was ₹3,20,000 was sold ₹6,40,000.

(ii) Debentures were issued on 1<sup>st</sup> April 2017.

**End of the Question Paper**