



# DELHI PUBLIC SCHOOL

## SAIL TOWNSHIP, RANCHI

### PRE- BOARD-II EXAMINATION (2017-18)

**Class:-XII**  
**Time- 3 Hrs.**

**Subject:-Accountancy**  
**M.M.-80**

#### General Instructions:

1. All questions are compulsory.
2. Attempt all parts of a question together.
3. Show your working notes clearly where applicable.
4. Marks are indicated against each question.

#### [Part A] ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. A and B were partners sharing profits and losses in the ratio of 5:3. On 1<sup>st</sup> April, 2014, their capital accounts showed balances of Rs. 3,00,000 and Rs. 2,00,000 respectively. Calculate the amount of profit to be distributed between the partners if the partnership deed provided interest on capital @ 10% per annum and the firm earned a profit of Rs. 45,000 for the year ended 31<sup>st</sup> March, 2015. [1]
2. What do you mean by 'One Person Company'(OPC) as per Companies Act of 2013 ? [1]
3. State the ratio in which the partners share the gain or loss on revaluation of assets and liabilities.[1]
4. ABC Ltd., purchased for cancellation its own 5,000, 9% Debentures of Rs.100 each for Rs.95 per Debenture. The brokerage charges Rs. 15,000 were incurred. Calculate the amount to be transferred to capital reserve. [1]
5. Mention how sacrificing ratio and gaining ratio will show their effect on capital accounts of partners. [1]
6. Misha and Yatin are partners. At the time of dissolution, debit balance of Misha's loan appeared at Rs. 25,000 on the assets side in the Balance Sheet of the firm. Give necessary Journal entry for the treatment of her loan. [1]
7. Jyoti Motors Ltd., converted its 2000, 8% Debentures of Rs. 100 each issued at a discount of 6% into equity shares of Rs. 10 each, issued at a premium of 25%. Discount on Issue of 8% Debentures has not yet been written off.  
Showing your working notes clearly, pass necessary Journal entries on conversion of 8% Debentures into equity shares. [3]
8. K.K. Limited obtained a loan of Rs. 10,00,000 from State Bank of India @ 9% interest. The company issued Rs.15,00,000, 9% Debentures in favour of State Bank of India as Collateral Security. Pass necessary Journal entries for the above transactions:  
(i) When company decided not to record the issue of 9% Debentures as Collateral Security.  
(ii) When company decided to record the issue of 9% Debentures as Collateral Security. [3]

9. Anita, Rachita, Mamata and Sunita were partners in a firm sharing profits in the ratio of 2:2:2:1. On 31<sup>st</sup> January, 2017 Sunita retired. On Sunita's retirement the Goodwill of the firm was valued at Rs. 70,000. The new profit sharing ratio among Anita, Rachita and Mamata was agreed as 5:1:1. Showing your working notes clearly, pass necessary Journal entry for the treatment of Goodwill in the books of the firm on Sunita's retirement. [3]

10. 'Suvidha Ltd., is registered with an authorized capital of Rs. 10,00,00,000 divided into 10,00,000 Equity Shares of Rs. 100 each. The company issued 1,00,000 shares for Public Subscription. A shareholder holding 100 shares, failed to pay the final call of Rs. 20 per share. His shares were forfeited. The forfeited shares were re-issued at Rs. 90 per share as fully paid-up. Present the 'Share Capital' in the Balance Sheet of the company as per Schedule III, part I of the Companies Act, 2013. Also prepare 'Notes to Accounts'. [3]

11. Kavita, Meenakshi and Gauri are partners doing a paper business in Ludhiana. After the accounts of partnership have been drawn up and closed, it was discovered that for the years ending 31<sup>st</sup> March, 2013 and 2014, Interest on Capitals has been allowed to partners @ 6% per annum although there is no provision for interest on Capital in the Partnership Deed. Their fixed capitals were Rs. 2,00,000; Rs.1,60,000 and Rs. 1,20,000 respectively. During the last two years they had shared the profits as under.

Year	Ratio
31 <sup>st</sup> March, 2013	3:2:1
31 <sup>st</sup> March, 2014	5:3:2

You are required to give necessary adjusting entry on 1<sup>st</sup> April, 2014. [4]

12. A,B and C were partners in a firm sharing profits and losses in the ratio of 3:2:1. On March 31<sup>st</sup>, 2017 their Balance Sheet was as follows .

BALANCE SHEET AS AT 31-3-2017

Liabilities	Rs.	Assets	Rs.
Capitals		Fixed Assets	1,80,000
A            50,000		Current Assets	35,000
B            40,000			
C <u>30,000</u>	1,20,000		
Reserve Fund	18,000		
Creditors	27,000		
Employees' Provident Fund	<u>50,000</u>		
	<u>2,15,000</u>		<u>2,15,000</u>

From April 1<sup>st</sup>, 2017, they decided to share future profits equally. For this purpose the following were agreed upon.

- (i) Goodwill of the firm was valued at Rs. 3,00,000.
- (ii) Fixed assets will be depreciated by 10%.
- (iii) After doing the above adjustments the capitals of the partners will be in proportion to their new profit sharing ratio. For this purpose Current Accounts will be opened.

Pass necessary Journal entries for the above transactions in the books of the firm. [4]

13. (a) fill the missing figures in the following journal entries.

[ 3+3]

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Particulars	L.F	Dr (Rs.)	Cr (Rs.)
Sundry assets a/c	Dr	92,000	
.....	Dr	.....	
To Sundry Liabilities a/c			34,000
To Uma &Co.			.....
<u>(Being assets and liabilities taken over from MS. Uma &amp; Co.</u>			
.....	Dr	66600	
To 12 % Debentures a/c			.....
To .....			.....
<u>(Being purchase consideration paid by the issue of</u>			
<u>.....12% Debentures of Rs. 100 each @ 20 % Premium.)</u>			

(b) On 1<sup>st</sup> April, 2014, Sunstar ltd., issued 10,000, 12% Debentures of Rs.100 each at a discount of 5%, redeemable as follows:

- On 31<sup>st</sup> March, 2015 ----- 2,000 Debentures
- On 31<sup>st</sup> March, 2016 ----- 5,000 Debentures
- On 31<sup>st</sup> March, 2017 ----- 3,000 Debentures

You are required to fill the blanks in the following account accordingly.

Discount on Issue of Debentures account

Date	Particulars	L.F	Dr (Rs.)	Date	Particulars	L.F	Cr (Rs.)
2014 1 <sup>st</sup> April	To 12 % Debenture a/c		50,000	2015 May 31	By Statement of profit and loss		.....
			_____		By Balanced c/d		<u>40,000</u>
			_____				_____
2015 1 <sup>st</sup> April	To.....		.....	2016 May 31	By -----		.....
			_____		By Balance c/d		.....
			_____				_____
2016 1 <sup>st</sup> April	To Balance b/d		.....	2017 May 31	By -----		.....
			15,000				_____
							<u>15,000</u>

14. Give the necessary Journal entries for the following transactions on dissolution of the firm of Anita and Ravi on 31<sup>st</sup> March, 2016, after the various assets (other than cash) and the third party liabilities have been transferred to Realization Account. They shared profits and losses in the ratio 3:2.

- (a) Ravi was to get a remuneration of Rs. 23,000 for completing the dissolution process. He also agreed to bear realization expenses. Realization expenses of Rs. 10,000 were paid by Ravi from the firm's cash.
- (b) Amitesh, an old customer whose account for Rs. 60,000 was written off as bad debt in the previous year, paid 90%.
- (c) Creditors of Rs. 40,000 accepted furniture valued at Rs. 38,000 in full settlement of their claim.
- (d) Land and Building was sold for Rs. 3,00,000 through a broker who charged 2% commission.

(e) There were 500 shares of Rs. 40 each in Vision Ltd., acquired at a cost of Rs. 22,000 and had been written off completely from the books. These shares are now valued at Rs. 50 each and divided among the partners in their profit – sharing ratio.

(f) Profit on realization was Rs. 45,000. [6]

15. The Balance Sheet of Joy, Julie and Saraha who were sharing profits in the ratio of 4:3:3 as on 31<sup>st</sup> March, 2013 was as follows:

Liabilities	Rs.	Assets	Rs.
General Reserve	15,000	Cash	48,000
Bills Payable	30,000	Stock	1,32,000
Loan	36,000	Investments	1,41,000
Capital A/c		Land and Building	1,80,000
Joy 1,80,000		Joy's Loan	30,000
Julie 1,50,000			
Sarana <u>1,20,000</u>	<u>4,50,000</u>		
	<u>5,31,000</u>		<u>5,31,000</u>

Joy died on 31<sup>st</sup> May, 2013. The partnership Deed provided for the following on the death of a partner:

- (i) Goodwill of the firm was to be valued at two years' purchase of average profits for the last three years which were Rs. 1,20,000.
- (ii) Joy's share of profit till the date of his death was to be calculated on the basis of last year's profit. Sales for the year ended 31<sup>st</sup> March, 2013 amounted to Rs. 12,00,000 and from 1<sup>st</sup> April to 31<sup>st</sup> May, 2013 Rs. 4,50,000. Profit for the year ended 31<sup>st</sup> March, 2013 was Rs. 3,00,000.
- (iii) Interest on Capital was to be provided @ 6% p.a.
- (iv) According to Joy's will, the executors should donate his share to 'ROSHAN' a Not-for-Profit Organization for Blinds.

Prepare Joy's Capital Account to be rendered to his executors. Also Identify the value being highlighted in the question. [6]

16. Excel Ltd., invited applications for 1,00,000 equity shares of Rs. 10 each at par. The amount was payable as follows:

On Application	Rs. 3 per share
On Allotment	Rs. 4 per share
On First & Final call	Rs. 3 per share

Applications were received for 2,40,000 shares. Allotment was done as follows.

Category I: 50% allotment was given to applicants of 1,60,000 shares.

Category II: 25% allotment was given to applicants of 80,000 shares.

Excess money received on application was adjusted to allotment and call. All calls were made and were duly received except the final call by a shareholder who held 320 shares belonging to Category I. His shares were forfeited and the forfeited shares were reissued at Rs. 15 per share as fully paid up.

Pass the necessary Journal entries for the above transactions, opening calls-in-arrears wherever necessary. [8]

[OR]

BLM Company Ltd., made an issue of 1,00,000 equity shares of Rs. 10 each at a premium of 20% payable as follows:

On Application	Rs. 2.50 per share
On Allotment	Rs. 4.50 per share ( including premium )
On First & Final Call	Balance

Applications were received for 2,00,000 equity shares and directors made pro-rata allotment. Excess money received on application was adjusted towards allotment.

A shareholder who applied for 800 shares did not pay the Allotment and Final call money, as a result his shares were forfeited. Later 80% of these shares were reissued at Rs. 8 per share as fully paid up.

Pass the necessary Journal entries for the above mentioned transactions in the books of the company.

17. P and Q were partners in a firm sharing profits in 3:2 ratio. R was admitted as a new partner for  $\frac{1}{4}$  th share in the profits on 1<sup>st</sup> April, 2015. The Balance Sheet of the firm on 31<sup>st</sup> March, 2015 was as follows:

BALANCE SHEET OF P AND Q as at 31<sup>st</sup> March, 2015

Liabilities	Rs.	Assets	Rs.
Creditors	20,000	Cash	20,000
General Reserve	16,000	Debtors	18,000
Capitals		Stock	20,000
P 96,000		Furniture	12,000
<u>Q 68,000</u>	1,64,000	Machine	40,000
		Buildings	90,000
	-----		-----
	2,00,000		2,00,000

The Terms of agreement on R's admission were as follows:

- R brought in cash Rs. 60,000 for his capital and Rs. 30,000 for his share of Goodwill.
- Building was valued at Rs.1,00,000 and Machinery at Rs. 36,000.
- The Capital accounts of P and Q were to be adjusted in the new profit sharing ratio.

Necessary cash was to be brought in or paid off to them as the case may be.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of P,Q and R. [8]

[OR]

Khushboo, Leela and Meena were Partners in a firm sharing profits in the ratio of 5:3:2. Their Balance Sheet on 31<sup>st</sup> March, 2015 was as follows:

BALANCE SHEET OF KHUSHBOO, LEELA AND MEENA as at 31<sup>st</sup> March, 2015.

Liabilities	Rs.	Assets	Rs.
Creditors	70,000	Bank	44,000
Capitals		Debtors	24,000
Khushboo 90,000		Stock	60,000
Leela 56,000		Building	1,40,000
Meera 60,000	2,06,000	Profit and Loss a/c	8,000
	<u>2,76,000</u>		<u>2,76,000</u>

On April 1, 2015 Leela retired on the following terms:

- (i) Building was to be depreciated by Rs. 10,000.
- (ii) A Provision of 5% was to be made on debtors for doubtful debts.
- (iii) Salary outstanding was Rs. 4,800.
- (iv) Goodwill of the firm was valued at Rs. 1,40,000.
- (v) Leela was to be paid Rs. 20,800 through Cheque and the balance was to be paid in two equal quarterly installments ( starting from 30<sup>th</sup> June, 2015) along with interest @ 10% per annum.

Prepare Revaluation Account, Leela's Capital Account and her Loan Account till it is finally paid.

#### (PART - B) ANALYSIS OF FINANCIAL STATEMENTS

18. Normally, what should be the maturity period for a Short -Term investment from the date of its acquisition to be qualified as cash equivalents ? [1]
19. Give an example of an activity, which is a financing activity for every type of enterprise. [1]
20. Financial Statements are prepared following the consistent accounting concepts, principles, procedures and also the legal environment in which the business organizations operate. These statements are the sources of information on the basis of which conclusions are drawn about the profitability and financial position of a company so that their users can easily understand and use them in their economic decisions in a meaningful way.  
From the above statement, identify any two values that a company should observe while preparing its financial statements. Also, state under which major headings and sub-headings the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.
  - (a) Capital Reserve
  - (b) Calls-in-Advance
  - (c) Loose Tools
  - (d) Bank overdraft

[4]

21. (a) The net profit after interest and tax of a company was Rs. 1,20,000; Rate of Income Tax is 40%. The company has 10% Debentures of Rs. 1,00,000. Calculate Interest Coverage Ratio.

(b) From the following information related to a company, calculate Inventory Turnover Ratio:  
 Opening Inventory Rs. 20,000; Closing Inventory Rs. 22,000; Purchases Rs. 80,000; Wages Rs. 9,000;  
 Carriage outwards Rs. 2,000; Returns outward Rs. 1,000; Revenue from operations Rs. 80,000;  
 Carriage inwards Rs.4,000. Rent Rs. 5,000 [4]

22. From the following Statement of Profit and Loss of Star Ltd., for the years ended 31<sup>st</sup> March, 2015 and 2016, prepare COMMON -SIZE Statement. [4]

Particulars	Note No	2015-'16(Rs)	2014-'15(Rs)
Revenue from operations		25,00,000	20,00,000
Employee Benefit expenses		10,00,000	7,00,000
Other expenses		2,00,000	3,00,000
Tax Rate		40%	40%

23. Following is the Balance Sheet of K.K -Ltd , as 31<sup>st</sup> March 2015.

K.K Ltd.

Balance Sheet as at 31<sup>st</sup> March , 2015

Particulars	Note No.	31 <sup>st</sup> March 2015 (Rs.)	31 <sup>st</sup> March 2014 (Rs.)
<b>I. Equity and Liabilities</b>			
1. Shareholders' Funds			
(a) Share Capital		10,00,000	8,00,000
(b) Reserves and Surplus	1.	4,00,000	(1,00,000)
2. Non- Current Liabilities			
Long Term Borrowings	2.	9,00,000	10,00,000
3. Current Liabilities			
(a) Short - Term Borrowings	3	3,00,000	1,00,000
(b) Short - Term Provisions	4	1,40,000	1,80,000
		-----	-----
		<u>27,40,000</u>	<u>19,80,000</u>
<b>II. ASSETS</b>			
1. Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	5	20,06,000	14,40,000
(ii) Intangible Assets	6	40,000	60,000
(b) Non current Investments		2,00,000	1,50,000
2. Current Assets			
(a) Current Investments (Marketable)		1,00,000	1,20,000
(b) Inventories	7	2,14,000	90,000
(c) Cash and Cash equivalents		1,80,000	1,20,000
Total		-----	-----
		<u>27,40,000</u>	<u>19,80,000</u>

<b>Notes of Accounts</b>		
Particulars	31 <sup>st</sup> March 2015 (Rs.)	31 <sup>st</sup> March 2014 (Rs.)
1. Reserves and Surplus (Surplus , ie, Balance in statement of profit and loss)	<u>4,00,000</u>	<u>(1,00,000)</u>
2. Long Term Borrowings 12 % Debentures	<u>9,00,000</u>	<u>10,00,000</u>
3. Short Term Borrowings: Bank overdraft	<u>3,00,000</u>	<u>1,00,000</u>
4. Short - Term Provision Provision for Tax	<u>1,40,000</u>	<u>1,80,000</u>
5. Tangible Assets Machinery Less Accumulated Depreciation	24,06,000 <u>(4,00,000)</u> <u>20,06,000</u>	16,42,000 <u>(2,02,000)</u> <u>14,40,000</u>
6. Intangible assets Goodwill	<u>40,000</u>	<u>60,000</u>
7. Inventories Stock - in - Trade	<u>2,14,000</u>	<u>90,000</u>

Additional Information :- (i) 12 % Debentures were redeemed on 31<sup>st</sup> March 2015.

(ii) Tax Rs. 1,40,000 was paid during the year.

Prepare cash flow statement.

[6]