

AMRITA VIDYALAYAM
AMRITA PRE BOARD EXAMINATION 2019 - 20

Class : XII

Marks : 80

Time : 3 hrs

ACCOUNTANCY

GENERAL INSTRUCTIONS:

1. This question paper is divided into two parts. Part A and Part B.
2. Both parts are compulsory.
3. All parts of questions should be attempted at one place.

PART - A

1. How are the following items presented in financial statements of a Not-for Profit organisation? 1
 - a) Tournament Fund - ₹ 80,000
 - b) Tournament expenses - ₹ 14,000
2. Riya, Ganga and Kavi were partners in a firm sharing profit and loss in the ratio of 8 : 7 : 5. On 2nd November 2018, Kavi died. Kavi's share of profits till the date of her death was calculated at ₹ 9,375. Pass the necessary journal entry. 1
3. Loan by partners have to be paid at the time of dissolution of partnership firm before repayment of Partners capital. Is it correct? 1
4. Namit is admitted into partnership for 1/4th share. Capitals are to be proportionate to profit sharing ratio. If total capital of the firm is ₹ 4,50,000, Namit will bring _____. 1
 - a) ₹ 1,50,000
 - b) ₹ 1,20,000
 - c) ₹ 1,12,500
 - d) ₹ 1,00,000
5. Amit, a partner in a partnership firm withdrew ₹ 7,000 in the beginning of each quarter. For how many months would interest on drawings be charged? 1
6. State one occasion on which a firm can be reconstituted. 1
7. A and B are partners in a firm. They admit C as a partner with 1/5th share in the profits of the firm. C brings ₹ 4,00,000 as his share of capital. Calculate the value of C's share of Goodwill on the basis of his capital, given that the combined capital of A and B after all adjustments is ₹ 10,00,000. 1
8. The deceased partner must be compensated in the form of goodwill for the share of profit _____ in favour of continued partners. 1

(sacrificed, gained, obtained, none of these)
9. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2019 they decided to admit C their new ratio is decided to be equal. Pass the necessary journal entry to distribute Investment Fluctuation Reserve of ₹ 60,000 at the time of C's admission, when Investment appears in the books at ₹ 2,10,000 and its market value is ₹ 1,90,000. 1
10. State whether true or false. 1

At the time of firm's dissolution, partners' loan is settled before outside liabilities.
11. When a partner is admitted, he is entitled to share of _____. 1

(past profit, present profit, future profit, reserve appearing in the balance sheet of the firm)
12. Sagar Ltd has ₹ 8,00,000, 9% Debentures of ₹ 100 each of which half the amount is due for redemption at a premium of 5%. The company has in its Debenture Redemption Reserve a balance of ₹ 40,000. State the amount required to be transferred to DRR. 1
 - a) ₹ 4,00,000
 - b) ₹ 2,00,000
 - c) ₹ 1,60,000
 - d) ₹ 8,00,000
13. A portion of share capital that is reserved by the company and will be utilized only on the happening of winding up of the company is called _____. 1
14. a) Calculate the amount of medicines consumed during the year ended 31st March, 2019. 3

Opening Stock of Medicines ₹ 50,000.

- b) Total Creditors of the firm were ₹ 40,000. Creditors worth ₹ 10,000 were given a piece of furniture costing ₹ 8,000 in full and final settlement. Remaining creditors allowed a discount of 10%.
- c) A machine that was not recorded in the books was taken over by K at ₹ 3,000 whereas its expected value was ₹ 5,000.
- d) The firm had a debit balance of ₹ 15,000 in the profit and loss A/c on the date of dissolution.

19. From the following Receipts and payment account of City Club and additional information, prepare Income and Expenditure Account for the year ended 31st March 2019 and Balance Sheet as on the date. 6

Receipts and Payments Account for the year ended 31st March 2019

Receipts	Amount	Payment	Amount
To Balance b/d		By Affiliation fee to Pradesh Club	10,000
Cash in Hand	10,000	By Furniture (1 st Oct, 2018)	30,000
Cash at Bank	<u>40,000</u>	By Sport Expenses	25,000
To Subscription		By Sundry Expenses	1,52,000
2017 - 2018	5,000	By Balance c/d	
2018 - 2019	1,50,000	Cash in Hand	40,000
2019 - 2020	<u>10,000</u>	Cash at Bank	<u>1,00,000</u>
To Life Membership Fee	1,20,000		1,40,000
To Sales on Scrap	2,000		
To Interest on Sports Fund investment	20,000		
	<u>3,57,000</u>		<u>3,57,000</u>

Additional Information.

- a) The club has 1,600 members, each paying an annual subscription of ₹ 100. Subscription of ₹ 4,500 is still arrears for 2018-19.
- b) On 1st April 2018 the clubs assets and liabilities included Furniture ₹ 20,000. Sports Fund and 10% Sports Fund Investment ₹ 3,00,000 each.
- c) Provide depreciation on Furniture at 20% p.a.
20. Journalise the following transactions. 6
- a) Meera Ltd. issued ₹ 1,00,000, 12% Debentures of ₹ 100 each at a premium of 5% redeemable at a premium of 2%.
- b) 12% Debentures were issued at a discount of 10% to a vendor of machinery for payment of ₹ 9,00,000.
- c) Issue of 10,000 11% debentures of ₹ 100 each as collateral in favour of State Bank of India. Company opted to pass necessary entry for issue of debentures.

OR

- Faith and Belief Ltd has total redeemable debentures of ₹ 5,00,000. It decides to redeem these debentures in two installments of ₹ 3,00,000 and ₹ 2,00,000 on December 31st 2018 and March 31st, 2020 respectively. Assuming that the Company has sufficient funds in Debenture Redemption Reserve Account, pass necessary journal entries for the year ending March 31st 2020.
21. A and B are partners sharing in the ratio 7 : 3 and their Balance Sheet on 31st March, 2019 was as follows.

Balance sheet as on 31st March, 2019

Liabilities	Amount	Assets	Amount
Creditors	60,000	Cash	36,000
Outstanding Wages	9,000	Debtors	
General Reserve	15,000	Less : Provision for doubtful debts	48,000
Capital		Stock	60,000
A 1,20,000		Machinery	1,20,000
B <u>1,80,000</u>	3,00,000	Furniture	1,20,000
	<u>3,84,000</u>		<u>3,84,000</u>

On 1st April, 2019, C was admitted for 1/4th share in the future profits on the following terms.

- C will bring ` 30,000 as Goodwill and ` 90,000 as Capital.
- Outstanding wages will be paid.
- A Debtor ` 4,500 will be written off and provision of 5% will be credited on Debtors for Bad Debts.
- Stock will be reduced by 10%, Furniture by 1,500 and machinery by 8%.
- Investments of ` 7,500 not shown in the Balance sheet will be recorded.
- A creditor of 6,300 not recorded in the books was to be taken into account.

Prepare Revaluation Account, Partner's Capital Account and Balance sheet of the new firm. 8

OR

X, Y and Z were partners in a firm sharing profits in the ratio of 5 : 3 : 2. Their Balance Sheet on March 31, 2019 was as follows.

Balance sheet as on 31st March, 2019

Liabilities	Amount	Assets	Amount
Creditors	21,000	Land and Building	62,000
Investment Fluctuation Fund	10,000	Motor Vans	20,000
Profit and Loss A/c	40,000	Investment	19,000
Capital		Machinery	12,000
X 50,000		Stock	15,000
Y 40,000		Debtors	
Z <u>20,000</u>	1,10,000	Less : Provision	37,000
		Cash	16,000
	<u>1,81,000</u>		<u>1,81,000</u>

On April 1, 2019 Y retired on the following terms.

- Provision for bad debts was to be reduced by ` 1,000.
- There is a claim of ` 4,000 for Workmen's compensation.
- Goodwill of the firm was valued at 51,000.
- B was to be paid 8,200 in cash and the balance was to be paid as loan.
- The new profit sharing ratio is 3 : 2 and their capitals will be in their new profit sharing ratio.

The capital adjustments will be done by opening a current A/c.

Prepare Revaluation Account, Partners Capital Account and Balance sheet.

22. Sun Ltd. invited applications for 2,00,000. Equity Shares of ` 100 each at a premium of ` 10 per share. The amount was payable as follows.

On application ` 40 per share (including premium) on allotment ` 30 per share and the balance on first and final call.

Applications for 3,00,000 shares were received. Applications for 40,000 shares were rejected and prorata allotment was made to the remaining applicants. Ramesh who was allotted 2,000 shares, failed to pay the allotment and first and final call money. His shares were forfeited. The forfeited

shares were reissued at ₹ 90 per share as fully paid-up.

Pass necessary Journal entries in the books of company if Calls-in-arrears Account is maintained. **8**

OR

Sangam Ltd. invited applications for 80,000 equity shares of ₹ 10 each at par. The amount was payable as follows.

On Application	₹ 2
On Allotment	₹ 4
On First and Final Call	₹ 4

Applications for 1,00,000 shares were received. Allotment was made on pro rata basis to all the applicants. Excess money received on applications was adjusted on sums due on allotment.

Satnam, who had applied for 1,000 shares, failed to pay the allotment money and his shares were immediately forfeited. Harnam did not pay the first and final call on 800 shares allotted to him. His shares were also forfeited. All the forfeited shares were reissued at ₹ 12 per share as fully paid-up. Pass necessary journal entries in the books of Sangam Ltd, for the above transactions if Calls-in-Arrears Account is maintained.

PART - B

23. What is the effect of Provision for Debts on Quick Ratio? **1**
24. The two basic measures of operational efficiency of a company are _____. **1**
(Inventory Turnover Ratio and Working Capital Turnover Ratio, Liquid Ratio and Operating Ratio, Liquid Ratio and Current Ratio, Gross Profit Margin and Net Profit Margin)
25. Debt Equity Ratio of a company is 1 : 2. Purchase of a Fixed asset for ₹ 5,00,000 on long term deferred payment basis will increase, decrease or not change the ratio? **1**
26. Vertical analysis is conducted for two or more accounting periods. Is it correct? **1**
27. M/s Maya and Sons, a bamboo pens producing company, purchased a machinery for ₹ 9,00,000. It received dividend of ₹ 70,000 on investment in shares. The company also sold an old machine of the book value of ₹ 79,000 at a loss of ₹ 10,000. Compute Cash flow from Investing Activities. **1**
28. While preparing Common size Balance sheet, each items of Balance sheet is expressed as % of _____. **1**
(Non Current Assets, Current Assets, Non Current Liabilities, Total Assets)
29. Payment for buy back of own shares is an Operating Activity. Is it correct? **1**
30. Calculate values of opening and closing inventory from the following information. Revenue from operation ₹ 6,00,000; Gross Profit Ratio is 20%; Inventory Turnover Ratio 4 times; Inventory in the beginning is 1.5 times more than the Inventory at the end. Calculate values of Opening and Closing Inventory. **3**

OR

Under which major heads and sub-heads will the following items be placed in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013?

- Debentures with maturity period in current financial year.
- Securities Premium Reserve.
- Provident Fund.

31. Following information is extracted from the Statement of Profit and Loss of Cristal Finance Ltd. for the year ended 31st March 2017 and 31st March 2018. Fill in the missing figures. **4**

Comparative Statement of Profit and Loss for the years ended 31st March 2017 and
31st March 2018

Particulars	2016-17	2017-18	Absolute Increase / Decrease	Percentage Increase / Decrease (%)
Revenue from Operations	10,00,000	?	2,00,000	20%
Add : Other Income	?	60,000	?	20%
Total Revenue	?	12,60,000	?	20%
Less : Employee Benefit Expenses	50,000	60,000	10,000	?
Profit before tax	10,00,000	12,00,000	2,00,000	?
Less : Tax (50%)	5,00,000	6,00,000	1,00,000	?
Profit after tax	5,00,000	6,00,000	1,00,000	20%

OR

From the following Balance Sheet of R Ltd, prepare a common size statement.

Balance Sheet as on 31st March, 2019

Particulars	Note No.	31 st March, 2019 (`)	31 st March, 2018 (`)
I. Equity and Liabilities			
1. Shareholders' funds			
a) Share capital		5,00,000	4,00,000
b) Reserve and surplus		1,60,000	1,20,000
2. Current Liabilities			
a) Trade Payables		1,40,000	80,000
Total		8,00,000	6,00,000
II. Assets			
1. Non-current assets			
a) Fixed assets			
(i) Tangible assets		3,20,000	2,40,000
(ii) Intangible assets		40,000	60,000
2. Current assets			
a) Inventories		1,60,000	60,000
b) Trade receivable		2,40,000	2,00,000
c) Cash and cash equivalents		40,000	40,000
Total		8,00,000	6,00,000

32. From the following Balance sheet of Dreams Converge Ltd. as at 31st March, 2018 and 31st March, 2017, calculate Cash from Operating Activities. Show your working clearly.

6

Particulars	Note No.	31.3.2018 (₹)	31.3.2017 (₹)
I. Equity and Liabilities			
1. Shareholders' funds			
a) Share capital		7,00,000	5,00,000
b) Reserve and surplus		3,50,000	2,00,000
2. Non-Current Liabilities			
Long term Borrowings		50,000	1,00,000
3. Current Liabilities			
a) Trade Payable		1,22,000	1,05,000
b) Short term Provisions (Provision for Tax)		50,000	30,000
Total		12,72,000	9,35,000
II. Assets			
1. Non-current assets			
a) Fixed assets			
(i) Tangible Assets		5,00,000	5,00,000
(ii) Intangible Assets		95,000	1,00,000
b) Non Current Investments		1,00,000	Nil
2. Current assets			
a) Inventories		1,30,000	55,000
b) Trade receivable		1,47,000	80,000
c) Cash and cash equivalents		3,00,000	2,00,000
Total		12,72,000	9,35,000

Notes to accounts.

Particulars	31.3.2018 (₹)	31.3.2017 (₹)
I. Tangible Assets		
Machinery	2,80,000	2,00,000
Accumulated Depreciation	(1,00,000)	(80,000)
	1,80,000	1,20,000
Equipment	3,20,000	3,80,000
	5,00,000	5,00,000
II. Intangible Assets		
Goodwill	95,000	1,00,000

Additional information

Machinery costing ₹ 80,000 (accumulated depreciation ₹ 20,000) was sold at a loss of ₹ 18,000.