SAMPLE PAPER - 5

ACCOUNTANCY

CLASS-XII

Time allowed: 3hrs **Maximum Marks: 80**

General Instructions:

1) This question paper contains two parts A and B.

2) Part A is compulsory for all.

3) Part B is Financial statement Analysis.

4) Attempt only one option of Part B.

5) All parts of a question should be attempted at one place.

PART A

ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of a new agreement is called

(a) Revaluation of partnership.

(b) Reconstitution of partnership.

(c) Realization of partnership.

(d) None of the above. (1)

2. Karan, Nakul and Asha were partners in a firm sharing profits and losses in the ratio 3:2:1. At the time of admission of a partner, the goodwill of the firm was valued at Rs2,00,000. The accountant of the firm passed the entry in the books of accounts and thereafter showed goodwill at Rs2,00,000 as an asset in the Balance Sheet. Was he correct in doing so? Why? (1)

3. Anu, Bina and Charan are partners. The firm had given a loan of Rs20,000 to Bina. They decided to dissolve the firm. In the event of dissolution, the loan will be settled by:

(a) Transferring it to debit side of Realization account.

(b) Transferring it to credit side of Realization account.

(c) Transferring it to debit side of Bina's capital account.

(d) Bina paying Anu and Charan privately. (1)

4. Differentiate between 'Capital Reserve' and 'Reserve Capital'. (1)

5. Metacaf Ltd. issued 50,000 shares of Rs 100 each payable Rs20 on application (on 1st May 2012); Rs30 on allotment (on 1st January 2013); Rs20 on first call (on 1st July 2013) and the balance on final call (on 1st

February 2014). Shankar, a shareholder holding 5,000 shares did not pay the first call on the due date. The second call was made and Shankar paid the first call amount along with the second call. All sums due were received.

Total amount received on 1st February was:

(a) Rs15,00,000

(b) Rs16,00,000

(c) Rs10,00,000

(d) Rs11,00,000 (1)

6. Abha and Beena were partners sharing profits and losses in the ratio of 3:2. On April 1st 2013, they decided to admit Chanda for 1/5th share in the profits. They had a reserve of Rs25,000 which they wantedto show in their new balance sheet. Chanda agreed and the necessary adjustments were made in the books. On October 1st 2013, Abha met with an accident and died. Beena and Chanda decided to admit Abha's daughter Fiza in their partnership, who agreed to bring Rs2,00,000 as capital. Calculate Abha'sshare in the reserve on the date of her death.

(1)

7. State any three purposes for which securities premium can be utilized. (3)

8. Ankur and Bobby were into the business of providing software solutions in India. They were sharing profits and losses in the ratio 3:2. They admitted Rohit for a 1/5 share in the firm. Rohit, an alumni of IIT, Chennai would help them to expand their business to various South African countries where he had been working earlier. Rohit is guaranteed a minimum profit of Rs2,00,000 for the year. Any deficiency in Rohit'sshare is to be borne by Ankur and Bobby in the ratio 4:1. Losses for the year were Rs10,00,000. Pass the necessary journal entries

(3)

9. Newbie Ltd. was registered with an authorized capital of Rs5,00,000 divided into 50,000 equity shares of Rs10 each. Since the economy was in robust shape, the company decided to offer to the public for subscription 30,000 equity shares of Rs10 each at a premium of Rs20 per share. Applications for 28,000 shares were received and allotment was made to all the applicants. All calls were made and duly received except the final call of Rs 2 per share on 200 shares. Show the 'Share Capital' in the Balance Sheet of Newbie Ltd.as per Schedule VI of the Companies Act 1956. Also prepare Notes to Accounts for the same.

(3)

10. Drumbeats Ltd. had a prosperous shoe business. They were manufacturing shoes in India and exporting to Italy. Being a socially aware organization, they wanted to pay back to the society. They decided to not only supply free shoes to 50 orphanages in various parts of the country but also give employment to children from those orphanages who were above 18 years of age. In order to meet the fund requirements, they decided to raise 50,000 equity shares of Rs 50 each and 40,000 9% debentures of Rs 40 each. Pass the necessary journal entries for issue of shares and debentures. Also identify one value which the company wants to communicate to the society.

(3)

11. Following is the Balance Sheet of Punita, Rashi and Seema who are sharing profits in the ratio 2:1:2 as on 31st March 2013.

Liabilities	**Amount**	**Assets**	**Amount**
Creditors	38,000	Building	2,40,000

Bills Payable Capitals: Punita 1,44,000 Rashi 92,000 Seema 1,24,000	2,000 3,60,000	Stock Debtors Cash at bank Profit and Loss Account	65,000 30,000 5,000 60,000
	4,00,000		4,00,000

Punita died on 30th September 2013. She had withdrawn 44,000 from her capital on July 1, 2013. According to the partnership agreement, she was entitled to interest on capital @8% p.a. Her share of profit till the date of death was to be calculated on the basis of the average profits of the last three years. Goodwill was to be calculated on the basis of three times the average profits of the last four years. The profits for the years ended 2009-10, 2010-11 and 2011-12 were Rs30,000, Rs70,000 and Rs80,000 respectively. Prepare Punita's account to be rendered to her executors.

12. Kanika and Gautam are partners doing a dry cleaning business in Lucknow, sharing profits in the ratio 2:1 with capitals Rs5,00,000 and Rs4,00,000 respectively. Kanika withdrew the following amounts during the year to pay the hostel expenses of her son.

1st April Rs10,000
1st June Rs9,000
1st Nov. Rs14,000
1st Dec. Rs5,000

Gautam withdrew Rs15,000 on the first day of April, July, October and January to pay rent for the accommodation of his family. He also paid Rs20,000 per month as rent for the office of partnership which was in a nearby shopping complex.

Calculate interest on Drawings @6% p.a. (4)

13. (a) A firm earned profits of Rs80,000, Rs1,00,000, Rs1,20,000 and Rs1,80,000 during 2010-11, 2011-12, 2012-13 and 2013-14 respectively. The firm has capital investment of Rs5,00,000. A fair rate of return on investment is 15% p.a. Calculate goodwill of the firm based on three years' purchase of average super profits of last four years.

(b) Kabir and Farid are partners sharing profits and losses in the ratio of 7:3. Kabir surrenders 2/10th from his share and Farid surrenders 1/10th from his share in favor of Jyoti, a new partner. Calculate new profit sharing ratio and sacrificing ratio. (6)

14. (a) Sunrise Company Ltd. has an equity share capital of Rs10,00,000. The company earns a return on investment of 15% on its capital. The company needed funds for diversification. The finance manager had the following options: (i) Borrow Rs5,00,000 @15% p.a. from a bank payable in four equal quarterly installments starting from the end of the fifth year (ii) Issue Rs5,00,000, 9% Debentures of Rs. 100 each redeemable at a premium of 10% after five years. To increase the return to the shareholders, the company opted for option (ii). Pass the necessary journal entries for issue of debentures.

(b) Walter Ltd. issued Rs 6,00,000 8% Debentures of Rs 100 each redeemable after 3 years either by draw of lots or by purchase in the open market. At the end of three years, finding the market price of debentures at Rs95 per debenture, it purchased all its debentures for immediate cancellation. Pass necessary journal entries for cancellation of debentures assuming the company has sufficient balance in DebentureRedemption Reserve. (6)

15. Ashish and Neha were partners in a firm sharing profits and losses in the ratio 4:3. They decided to dissolve the firm on 1st May 2014. From the information given below, complete Realisation A/c, Partner's Capital Accounts and Bank A/c: (6)

Dr. Realisation A/c Cr.

Liabilities	Amount	Assets	Amount
To sundry assets:		By Sundry liabilities:	
-Machinery	5,60,000	-Creditors	40,000
-Stock	90,000	-Ashish's wife's loan	25,000
-Debtors	55,000	By Bank:	
To Bank:		-Machinery	4,80,000
-Creditors	-------	-Debtors	10,000
To Ashish's Capital A/c:		By Ashish's Capital A/c:	
-Ashish's wife's loan	34,000	-Stock 1,28,000	
To Neha's Capital A/c;		-typewriter 70,000	1,98,000
-Realisation expenses	7,000	By Neha's Capital A/c	
To profit transferred to:		-Debtors	40,000
Ashish's capital A/c 4,000			
Neha's capital A/c 3,000	7,000		
	7,93,000		7,93,000

Dr. Partner's Capital A/c Cr.

Particulars	Ashish(Rs)	Neha(Rs)	Particulars	Ashish(Rs)	Neha(Rs)
To Realisation A/c	_____	_____	By	_____	_____
To Bank A/c	4,00,000	4,50,000	By	_____	_____
			By	_____	_____

Dr. Bank A/c Cr.

Particulars	Amount	Particulars	Amount
To Balance b/d	_______	By Realisation A/c	_______
To Realisation A/c	4,90,000	By Ashish's Loan A/c	4,000
		By Ashish's Capital A/c	4,00,000
		By Neha's Capital A/c	_______

16. A and B are partners in a firm sharing profits and losses in the ratio 3:1. They admit C for a ¼ share on31st March 2014 when their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount

Employees Provident Fund	17,000	Stock	15,000
Workmen's Compensation Fund	6,000	Debtors 50,000	
Investment Fluctuation Reserve	4,100	Less: provision for	
Capitals: A	54,000	doubtful debts 2,000	48,000
B	35,000	Investments	7,000
		Cash	6,100
		Goodwill	40,000
	1,16,100		1,16,100

The following adjustments were agreed upon:

(a) C brings in Rs16,000 as goodwill and proportionate capital.

(b) Bad debts amounted to Rs3,000.

(c) Market value of investment is Rs4,500.

(d) Liability on account of workmen's compensation reserve amounted to Rs2,000.

Prepare Revaluation A/c and Partner's Capital A/cs.

OR

X, Y and Z are partners in a firm sharing profits in proportion of 1/2, 1/6 and 1/3 respectively. The Balance Sheet as on April 1, 2014 was as follows:

Liabilities	**Amount**	**Assets**	**Amount**
Employees Provident Fund	12,000	Freehold Premises	40,000
Sundry Creditors	18,000	Machinery	30,000
General Reserve	12,000	Furniture	12,000
Capitals		Stock	22,000
X	30,000	Debtors 20,000	
Y	30,000	Less : provision for	
Z	28,000	doubtful debts 1,000	19,000
		Cash	7,000
	1,30,000		1,30,000

Z retires from the business and the partners agree that:

(a) Machinery is to be depreciated by 10%.

(b) Provision for bad debts is to be increased to Rs 1,500.

(c) Furniture was taken over by Z for Rs 14,000.

(d) Goodwill is valued at Rs 21,000 on Z's retirement.

(e) The continuing partners' have decided to adjust their capitals in their new profit sharing ratio after retirement of Z. Surplus or deficit if any, in their capital accounts will be adjusted through their current accounts.

Prepare Revaluation A/c and Partners' Capital A/c's. (8)

17. Amrit Ltd. issued 50,000 shares of Rs10 each at a premium of Rs2 per share payable as Rs3 on application, Rs4 on allotment (including premium), Rs2 on first call and the remaining on second call.

Applications were received for 75,000 shares and a pro-rata allotment was made to all the applicants. All moneys due were received except allotment and first call from Sonu who applied for 1,200 shares. All his shares were forfeited. The forfeited shares were reissued for Rs9,600. Final call was not made. Passnecessary journal entries.

OR

Velco Ltd. issued 30,000 shares of Rs 10 each at a discount of Rs1 per share payable as Rs3 on application, Rs2 on allotment, Rs2 on first Call and Rs2 on second call.
Applications were received for 40,000 shares and a pro-rata allotment was made to all the applicants.
All money due were received except allotment and first call from Mohit who had applied for 2,000 shares. His shares were forfeited after first call. Subsequently, the second call was duly made and duly received. Thereafter, the forfeited shares were reissued for Rs9 fully paid. Pass the necessary journal entries (8)

PART B: ANALYSIS OF FINANCIAL STATEMENTS

18. Cash deposit with the bank with a maturity date after two months belongs to which of the following while preparing cash flow statement:
(a) Investing activities
(b) Financing activities
(c) Cash and Cash equivalents
(d) Operating activities. (1)

19. Finserve Ltd is carrying on a Mutual Fund business. It invested Rs 30,00,000 in shares and Rs15,00,000 in debentures of various companies during the year. It received Rs 3,00,000 as dividend and interest. Find out cash flows from investing activities. (1)

20. (a) Name the sub heads under the head 'Current Liabilities' in the Equity and Liabilities part of the Balance Sheet as per Schedule VI of the Companies Act 1956.
(b) State any two objectives of Financial Statements Analysis. (4)

21. (a) From the following details, calculate Opening inventory: Closing inventory Rs60,000; Total Revenue from operations Rs5,00,000 (including cash revenue from operations Rs1,00,000); Total purchases Rs3,00,000 (including credit purchases Rs60,000). Goods are sold at a profit of 25% on cost.
(b) Current Assets of a company are Rs17,00,000. Its current ratio is 2.5 and liquid ratio is 0.95. Calculate Current Liabilities and Inventory. (4)

22. Nimani Ltd. is into the business of back office operations. Honesty and hard work are the two pillars on which the business has been built. It has a good turnover and profits.Encouraged by huge profits, it decided to give the workers bonus equal to two months salary. Following is the Comparative Statement of Profit and Loss of Nimani Ltd. for the years ended 31st March 2013 and 2014.
(a) Calculate Net Profit ratio for the years ending 31st March 2013 and 2014.
(b) Identify any two values which Nimani Ltd. wants to communicate to the society.

Particulars	Note No.	2012-13 (Rs)	2013-14 (Rs)	Absolute Change	Percentage change

Revenue from operations		20,00,000	30,00,000	10,00,000	50
Less Employee benefit expenses		8,00,000	10,00,000	2,00,000	25
Profit before tax		12,00,000	20,00,000	8,00,000	66.67
Tax rate 40%		4,80,000	8,00,000	3,20,000	66.67
Profit after tax		7,20,000	12,00,000	4,80,000	66.67

23. Following are the Balance Sheets of Krishna Ltd. as on 31st March 2013 and 2014:

Particulars	Note No.	2013-14 (Rs)	2012-13(Rs)
EQUITY AND LIABILITIES			
(1) Shareholders Funds			
(a) Share capital		14,00,000	10,00,000
(b) Reserves and Surplus	1	5,00,000	4,00,000
(2) Non Current Liabilities			
Long term borrowings		5,00,000	1,40,000
(3) Current Liabilities			
Trade Payables		1,00,000	60,000
Short term Provisions	2	80,000	60,000
Total		25,80,000	16,60,000
ASSETS			
(1) Non Current Assets			
(a) Fixed assets			
(i) Tangible assets	3	16,00,000	9,00,000
(ii) Intangible Assets	4	1,40,000	2,00,000
(2) Current Assets			
(a) Inventories		2,50,000	2,00,000
(b) Trade Receivables		5,00,000	3,00,000
(b) Cash and Cash Equivalents		90,000	60,000
Total		25,80,000	16,60,000

Notes to Accounts:

S.No.	Particulars	As on 31.3.2014 (Rs)	As on 31.3.2013 (Rs)
1.	Reserves and Surplus		
	Surplus (i.e. balance in Statement of Profit and Loss)	5,00,000	4,00,000
2.	Short Term provisions		
	Provision for tax	80,000	60,000
3.	Tangible assets		
	Machinery	17,60,000	10,00,000
	Less Accumulated depreciation	(1,60,000)	(1,00,000)

4.	Intangible Assets Goodwill	1,40,000	2,00,000

Prepare a Cash Flow Statement after taking into account the following adjustment:

(i) Tax paid during the year amounted to Rs 70,000. (6)