

AMRITA VIDYALAYAM

AMRITA PRE BOARD EXAMINATION 2017 - '18

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. A and B were partners in a firm. They admitted C as partner for 20% share in the profit. After all the adjustments regarding general reserve, goodwill, gain and loss on revaluation, the balance in capital account of A and B were 3,85,000 and 4,15,000 respectively. C brought proportionate capital so as to give him 20% share in the profit. Calculate the amount of capital to be brought by C. 1
2. A, B and C are partners in a firm sharing profit and loss in the ratio 5:3:2. They decided to share future profit and loss in the ratio 2:3:5. Calculate Sacrificing Ratio. 1
3. Can Securities Premium Reserve be distributed as dividend? If not, why? 1
4. What is the provision regarding Debenture Redemption Reserve, according to Companies Act 2013? 1
5. Z forfeited 1,000 equity shares of ₹ 10 each for non payment of first call of ₹ 2 per share. The final call of ₹ 3 per share was yet to be made. Calculate the maximum amount of discount at which these shares can be reissued. 1
6. Pass journal entries when debentures are issued as collateral security. 1
7. A, B, C and D were partners sharing profit in the ratio of 1:2:3:4. D retired and his share was acquired by A and B equally. Goodwill was valued at 3 years purchase of average profit of last 4 years which was ₹ 40,000. General Reserve showed a balance of 1,30,000 and D's capital in the Balance Sheet was 3,00,000 at the time of D's retirement.
You are required to record necessary journal entries in the books of the firm and prepare D's capital account on his retirement. 3
8. X, Y, Z sharing profit and loss equally have fixed capitals of ₹ 60,000, ₹ 45,000 and ₹ 30,000 respectively. For the year 2016 profit amounting to ₹ 60,000 was distributed, but interest on capital was credited to them 12% instead of 10%. Give necessary adjusting journal entries. 3
9. Anu Ltd. purchased assets of ₹ 8,40,000 and took over liabilities of ₹ 80,000 of Vinu Ltd at an agreed value of ₹ 7,20,000. Anu Ltd issued 10% debentures of ₹ 100 each at 10% discount in full satisfaction of the price.
Pass journal entries in the books of Anu Ltd. 3
10. X, Y and Z are partners sharing profit and loss in the ratio of 14:5:6 respectively. Y retires and surrenders 5/25th of his share in favor of X. The goodwill of the firm is valued at 2 years purchase of super profit based on average of last 3 years. The profit for last three years are ₹ 50,000, ₹ 55,000 and ₹ 60,000 respectively. The normal profit of similar firms is ₹ 30,000. Goodwill already appears in the books of the firm at ₹ 75,000. The profit of the first year after Y's retirement was ₹ 1,00,000. Give necessary journal entries to adjust goodwill and to distribute profit. 3
11. Arjun, Bheem and Nakul are partners in a firm. On 1st April, 2011 the balance in their capital account stood at ₹ 8,00,000, ₹ 6,00,000 and ₹ 4,00,000 respectively. They shared profit in the proportion of 5:3:2 respectively. Partners are entitled to interest on capital @ 5% per annum and salary to Bheem @ ₹ 3,000 per month and a commission of ₹ 12,000 to Nakul as per provisions of the Partnership deed. Arjun's share of profit, excluding interest on capital, is guaranteed at not less than ₹ 25,000 p.a. Bheem's share of profit, including interest on capital but excluding salary, is

guaranteed at not less than ₹ 55,000 p.a. Any deficiency arising on that account shall be met by Nakul. The profit of the firm for the year ended 31st March 2012 amounted to ₹ 2,16,000.

Prepare Profit and Loss Appropriation Account for the year ended 31st March 2012. 4

12. Pass necessary journal entries on the Dissolution of Partnership Firm.

a) Expenses of dissolution ₹ 5,000 paid by partner Arun.

b) X, the partner, is paid remuneration of ₹ 5,000 for dissolution of the firm. Realisation expenses of ₹ 8,000 are met by the firm.

c) Realisation expenses of ₹ 25,000 were to be borne by P, a partner. However it is paid by Q.

d) Realisation expenses amounted to ₹ 15,000. 4

13. Sangam Woollen Ltd, Ludhiana are manufactures and exporters of woollen garments. The company decided to distribute free of cost woollen garments to ten villages of Lahaul Spiti district of Himachal Pradesh. The company also decided to employ 50 young persons from this village in its newly established factory. The company issued 40,000 equity shares of ₹ 10 each and 1,000 9% debentures of ₹ 100 each to the vendors of the purchase of machinery of ₹ 5,00,000. Pass necessary journal entries. Also identify any two values of the company want to communicate to the society. 6

14. On 31st March 2013 the Balance Sheet of Madhu, Neha and Tina who were sharing profits in the ratio of 5:3:2 respectively was as under.

Liabilities		Amount	Assets		Amount
Capital A/C			Building		2,00,000
Madhu	3,00,000		Machinery		3,00,000
Neha	2,50,000		Patent		1,10,000
Tina	1,50,000	7,00,000	Stock		1,00,000
Reserve Fund		60,000	Debtors		80,000
Creditors		1,10,000	Cash		80,000
		8,70,000			8,70,000

Madhu died on 1st October 2013. It was agreed between his executors and the remaining partner's that

a) Goodwill of the firm be valued at 2 1/2 years purchase of average profits for the last 3 years. The average profits were ₹ 1,50,000.

b) Interest on capital be provided at 10% p.a.

c) Profit for the 2013 - 2014 be taken as having accrued at the same rate as that of the previous year which was ₹ 150,000.

Prepare Madhu's capital account to be presented to his executors as on 1st October 2013. 6

15. 'India Auto Ltd is registered with an authorised capital of ₹ 7,00,00,000 divided into 7,00,000 shares of ₹ 100 each. The Company issued 50,000 shares to the vendor for building purchased and 2,00,000 shares were issued to the public. The amount was payable as follows.

On application and allotment - ₹ 20 per share.

On 1st Call - ₹ 50 per share.

On second and final call - the balance.

All calls were made and were duly received except on 100 shares held by Rajani who failed to pay the second and final call. Her shares were forfeited.

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'. 6

16. A and B are partners in a firm sharing profit and loss in the ratio 4: 3. The following is the balance sheet of the firm as on 31.12.2016.

Liabilities		Amount	Assets		Amount
Sundry creditors		20,000	Cash		14,800
Bank overdraft		17,000	Debtors	20,500	
Employees PF		3,000	Less Provision	<u>300</u>	20,200
Workmen Compensation reserve		7,000	Stock		6,000
Capital A/cs			Investment		14,000
A	66,000		Plant		40,000
B	<u>57,000</u>	1,23,000	Building		75,000
		<u>1,70,000</u>			<u>1,70,000</u>

They agreed to admit C with effect from 1/1/2017 with 1/4th share in profit on the following terms.

- C will bring in proportionate capital.
- Building are to be appreciated by ₹ 13,000 and Plant to be depreciated to ₹ 33,000.
- The provision on debtors is to be raised to ₹ 1,000.
- The goodwill of the firm has been valued at 21,000 but no goodwill is to appear in the books.
- Half of the investment are to be taken over by A and B in their profit sharing ratio and the remaining valued at ₹ 8,000.

Prepare Revaluation Account, Capital Account and Balance Sheet of the firm after C's Admission. **8**

OR

X, Y and Z are partners in a firm sharing profit in the ratio of 3:1:2. On 31st March 2016, their Balance Sheet was.

Liabilities		Amount	Assets		Amount
Bills Payable		12,000	Free hold Premises		40,000
Sundry Creditors		28,000	Machinery		30,000
General Reserve		12,000	Furniture		12,000
Capital A/cs			Stock		22,000
X	30,000		Sundry Debtors	20,000	
Y	20,000		Less: Provision for doubtful debts	<u>1,000</u>	19,000
Z	<u>28,000</u>	78,000	Cash		7,000
		<u>1,30,000</u>			<u>1,30,000</u>

Z retires from the business and the partners agree to the following.

- Freehold premises and stock are to be appreciated by 20% and 15% respectively.
- Machinery and Furniture are to be depreciated by 10% and 7% respectively.
- Provision for doubtful debts is to be increased to ₹ 1,500.
- Goodwill of the firm is valued at ₹ 21,000 on Z's retirement.
- The continuing partners have decided to adjust their capitals in their new profit sharing ratio after retirement of Z. Surplus / deficit, if any, in their capital accounts will be adjusted through current account. Prepare necessary Ledger Accounts and draw the Balance Sheet of the reconstituted firm.

17. Hima Ltd issued a prospectus inviting application for 20,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows.

On application - 2, on allotment - 5 (including premium), on first call ₹ 3, on second call - 2.

Application were received for 30,000 shares and pro rata allotment was made on application for 24,000 shares. Money overpaid on application was adjusted against amount due on allotment.

Ramesh to whom 400 shares were allotted failed to pay the allotment money and on his subsequent failure to pay first call, his shares were forfeited. Mohan the holder of 600 shares failed to pay two calls and his shares were forfeited after the second call. Of the shares forfeited 800 shares were sold to Krishna credited as fully paid for ₹ 9 per share. The whole of Ramesh's shares being included, pass journal entries.

OR

XYZ Ltd, issued 1,00,000; 9% debentures of ₹ 50 each at a premium of 10% on 30th June 2015 redeemable on 31st March 2017. The issue was fully subscribed. The Company decided to transfer amount to DRR on 31st March, 2016 and invest in Fixed Deposit earning interest @ 10% p.a. on 1st April, 2016 to meet the legal requirement. Tax was deducted at source (TDS) by Bank @ 10%. Pass Journal entries for issue and redemption of debentures along with interest on investment.

PART - B

- 18. Under which type of activity will you classify 'interest paid on long term borrowing' while preparing cash flow statement. 1
- 19. State which of the following result is inflow, outflow and no flow of cash and cash equivalent. 1
 - a) Purchase of stock in trade for cash
 - b) Declaration of final dividend
- 20. From the following information calculate 4
 - a) ROI.
 - b) Total Asset to debit ratio.

Fixed Asset ₹ 75,00,000; Current assets ₹ 40,00,000; Current Liabilities 27,00,000; 12% debentures; ₹ 80,00,000 and net profit before interest, tax and dividend ₹ 14,50,000.
- 21. Under which major sub-headings the following items will be placed in the Balance Sheet of a company as per schedule III Part I of The Company's Act 2013. 4
 - a) Accrued income
 - b) Loose Tools
 - c) Provisions for employees benefits
 - d) Unpaid dividend
 - e) Short term loan
 - f) Long term loan
- 22. From the following particulars prepare cash flow statement. 6

Particulars	Note No	31st March 2016	31st March 2015
I. EQUITY AND LIABILITIES			
1. Share holders Funds			
a) Share Capital	1	1,00,000	80,000
b) Reserves and Surplus	2	6,400	6,000
2. Non-Current Liabilities			
a) Long term borrowings	3	34,000	22,000
3. Current Liabilities			
a) Short term Borrowing	4	13,600	25,000
b) Trade Payables		22,000	24,000
c) Short term Provision		20,000	16,000
		1,96,000	173,000
II. ASSETS			
1. Non current assets			
a) Fixed Assets (Tangible)	6	50,000	60,000
b) Non current Investment		20,000	10,000
2. Current Assets			
a) Trade Receivables		49,000	20,600
b) Inventory		70,000	80,000
c) Marketable securities		5,000	2,000
d) Cash and cash equivalent		2,000	400
		1,96,000	1,73,000

Notes to Accounts.

Particulars	31st March 2016	31st March 2015
1. Share Capital		
Equity share capital	80,000	55,000
12% Preference Share Capital	20,000	25,000
	1,00,000	80,000
2. Reserves and Surplus		
General reserve	4,000	4,000
Surplus ie Statement of Profit and Loss	2,400	2,000
	6,400	6,000
3. Long term borrowings		
15% Debentures	34,000	22,000
4. Short term borrowings		
Bank Overdraft	13,600	25,000
5. Short term Provision		
Provision for taxation	8,400	6,000
Proposed dividend	11,600	10,000
6. Fixed Assets		
Tangible Assets	80,000	82,000
Less accumulated depreciation	30,000	22,000
	50,000	60,000

Additional information.

a) Provision for tax made ` 9,400.

b) Fixed assets sold for ` 10,000. Their cost ` 20,000 and accumulated depreciation till date of sale on them ` 6,000.

c) An interim dividend paid during the year ` 9,000.

23. Prepare comparative income statement from the following information.

4

Particulars	Note No	3/31/2016	3/31/2015
Revenue from operations		50,000	40,000
Cost of material consumed		35,000	30,000
Other Expenses		3,000	2,500
Other Income		3,000	2,000
Income Tax		7,500	4,750