

# AMRITA VIDYALAYAM

## AMRITA PRE BOARD EXAMINATION 1 - 2018 - '19

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. State the basis of accounting on which 'Receipt and Payment Account' is prepared in case of a Not-for Profit Organisation. 1
2. A Ltd. forfeited 100 equity shares of ₹ 10 each issued at a premium of 20% for non-payment of final call of ₹ 5 including premium. State the maximum amount of discount at which these shares can be re-issued. 1
3. A, B and C are partners sharing profit in the ratio of 8:4:3. B retires and his share is taken up by A and C equally. Find a new profit sharing ratio. 1
4. State one difference between dissolution of Partnership and dissolution of partnership firms. 1
5. What is meant by issues of debentures as collateral security? 1
6. State two reasons for the preparation of 'Revaluation Account' at a time of admission of a partner. 1
7. Jan Dhan Bank, an all India Financial Institution had ₹ 10,000, 12% debentures of ₹ 100 each, outstanding as at 31<sup>st</sup> March 2017. These debentures were due for redemption on 30<sup>th</sup> June 2018. Pass necessary journal entries for redemption of debentures. Also, state the amount of debenture redemption reserve to be created for the purpose of redemption. 3
8. Calculate the amount of sports material to be transferred to Income and Expenditures account of Raman Bhalla Sports Club, Ludhiana, for the year ended 31<sup>st</sup> March, 2018. 3

| Particulars   | Amount |
|---|--------|
| a) Sports material sold during the year (Book Value ₹ 50,000) | 56,000 |
| b) Amount paid to creditors for sports material               | 91,000 |
| c) Cash purchase of sports material                           | 40,000 |
| d) Sports material as on 31/3/17                              | 50,000 |
| e) Sports material as on 31/3/18                              | 55,000 |
| f) Creditors for sports material as on 31/3/17                | 37,000 |
| g) Creditors for sports material as on 31/3/18                | 45,000 |

9. A, B and C were partners sharing profit on the ratio of 3:2:1. The firm closes its book on 31<sup>st</sup> March every year. On 30 June 2017, B died. On this date, the goodwill of the firm is valued at ₹ 60,000 and to calculate his share of profit from the date of last Balance Sheet to the date of death was to be calculated on the basis of previous year's profit which was ₹ 1,50,000. A and C decided to share future profits equally. Pass the necessary journal entries for treatment of goodwill and allowing B's share of profit. 3
10. On 2/3/2015 L and B Ltd. issued 635, 9% Debentures of ₹ 500 each. Pass necessary journal entries for the issue of debentures in the following situations. 3
  - a) When debentures were issued at a 5% discount, redeemable at 10% premium.
  - b) When debentures were issued at 12% premium, redeemable at 6% premium.

11. Ravi and Mohan were partners in a firm sharing profit in the ratio of 7:5. Their respective fixed capitals were ₹ 10,00,000 and ₹ 7,00,000. The partnership deed provides for the following.
- Interest on Capital at 12% p.a.
  - Ravi's salary ₹ 6,000 per month and Mohan's salary ₹ 60,000 per year.
- The profit for the year ended 31 March 2017 was ₹ 5,04,000 which was distributed equally without providing for the above. Pass the adjustment entry. 4
12. From the following Receipt and Payment Account and from the information provided, prepare Income and Expenditure Account for the year ended 31<sup>st</sup> March 2016. 4

| Receipts                                     | ₹        | Payments  | ₹        |
|--|----------|---|----------|
| To Balance as at 1 <sup>st</sup> April, 2015 | 35,000   | By Salaries                                     | 1,40,000 |
| To Subscriptions:                            |          | By General Expenses                             | 30,000   |
| 2014-15            25,000                    |          | By Electricity Charges                          | 20,000   |
| 2015-16            1,00,000                  |          | By Books  | 50,000   |
| 2016-17            20,000                    | 1,45,000 | By Newspapers                                   | 40,000   |
| To Rent (from the use of Hall)               | 70,000   | By Balance (as on 31 <sup>st</sup> March, 2016) | 20,000   |
| To Surplus from Entertainment                | 40,000   |   |          |
| To Sale of Old Newspapers                    | 10,000   |   |          |
|  | 3,00,000 |   | 3,00,000 |

- The club has 50 members each paying an annual subscription of ₹ 2,500. Subscription Outstanding on 31<sup>st</sup> March, 2015 were to the extent of ₹ 30,000.
  - On 31<sup>st</sup> March, 2016, Salaries Outstanding amounted to ₹ 10,000. Salaries paid in 2015-16 included ₹ 30,000 for the year 2014-15.
  - On 1<sup>st</sup> April, 2015, the club owned building valued at ₹ 10,00,000, Furniture worth ₹ 1,00,000 and books ₹ 1,00,000.
13. Prem and Suresh were partners in a firm sharing profits in the ratio of 7:8. On 1/4/2015 their firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realisation account, you are given the following information. 6
- Raman, a creditor of ₹ 4,00,000 accepted land valued at ₹ 7,00,000 and paid ₹ 3,00,000 to the firm.
  - Gopal, a second creditor for ₹ 1,05,000 accepted ₹ 90,000 in cash and investments of ₹ 14,000 in full settlement of his account.
  - Hari, a third creditor amounting to ₹ 75,000 accepted stock of the book value of ₹ 60,000 for ₹ 45,000 and the balance was paid to him by cheque.
  - Loss on dissolution was ₹ 45,000.
- Pass the necessary journal entries for the above transactions in the books of the firm.
14. Shakti Ltd decided to redeem its 750, 12% debentures of ₹ 100 each on 31<sup>st</sup> March 2016. The company purchased 500 debentures at ₹ 94 per debentures from the open market. The remaining debentures were redeemed out of profit. Pass necessary journal entries in the books of the company for the above transactions. 6
15. Bhavya and Naman were partners in a firm carrying on a tiffin service in Hyderabad. Bhavya noticed that a lot of food is left at the end of the day. To avoid wastage she suggested that it be distributed to the needy. Naman wanted that it should be mixed with the food being served the next day. Naman then gave proposal that if his share in the profit is increased, he will not mind free distribution of left-over food. Bhavya happily agreed. So, they decided to change their profit-sharing ratio to 1 : 2 with immediate effect. On that date revaluation of assets and reassessment of liabilities was carried out that resulted into a gain of ₹ 18,000. On that date the goodwill of the firm was valued at ₹ 1,20,000. 6
- Pass necessary journal entries for the above in the books of the firm.
  - State any two values highlighted in the above para.

16. Anshika Ltd issued applications for ` 20,000 equity shares 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 1<sup>st</sup> and Final call

Application 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.

Khushboo 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 shares of Khushboo) were reissued @ ` 8 per share as fully paid up. Pass necessary journal entries in the books of Anshika Ltd. for the above transactions by opening calls in arrears and call in advance account wherever necessary.

OR

Khyati Ltd issued a prospectus inviting applications for 80,000 equity 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

a) To applicants for 20,000 shares - in full.

b) To applicants for 40,000 shares - 10,000 shares.

c) To applicants for 60,000 shares - 50,000 shares.

Allotment was made and all shareholders except Tammana, who had applied for 2,400 shares out of group could not pay allotment money. Her shares were forfeited immediately, after allotment.

Another shareholder Chaya, who was allotted 500 shares out of group failed to pay first call. 50% of Tammana's shares were reissued to Satnaam as ` 7 paid up for payment of ` 9 per share.

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

17. On 31<sup>st</sup> March 2017 the balance sheet of Pranav and Rahul who shared profits in the ratio 3:2 stood as follows.

8

| Liabilities         | Amount          | Assets                | Amount          |
|---------------------|-----------------|-----------------------|-----------------|
| Creditors           | 20,000          | Bank                  | 5,000           |
| Profit and Loss A/c | 15,000          | Sundry Debtors 20,000 |                 |
| Capital A/cs        |                 | Less: Prov        700 | 19,300          |
| Pranav    40,000    |                 | Stock                 | 25,000          |
| Rahul <u>30,000</u> | 70,000          | Plant and machinery   | 35,000          |
|                     |                 | Patents               | 20,700          |
|                     | <u>1,05,000</u> |                       | <u>1,05,000</u> |

On this date, Sohan is admitted as a partner on the following conditions.

a) Sohan will bring ` 30,000 as capital for 4/15<sup>th</sup> share of profit. Other partner's capitals shall be made proportionate in their profit sharing ratio.

b) Goodwill of the firm is valued at 2½ years purchase of average of past 4 years. Sohan brought his share of goodwill in cash.

c) Provisions for bad debts is to be maintained at 5% of debtors. Stock and plant is revalued at ` 20,000 and ` 40,000 respectively.

d) Profit of the firm for past three years, i.e. 2013-14, 2014-15 and 2015-16 were ` 20,000, ` 14,000 and ` 17,000 respectively.

Prepare revaluation A/c, Partners' capital A/c and the balance sheet of the new firm.

OR

The balance sheet of A, B and C who were sharing profits and losses in the ratio 1/2, 1/3 and 1/6 respectively was as follows.

| Liabilities         |               | Amount          | Assets              |                 | Amount |
|---------------------|---------------|-----------------|---------------------|-----------------|--------|
| Sundry Creditors    |               | 12,500          | Bank                | 25,650          |        |
| Bills payable       |               | 6,400           | Bills Receivable    | 5,400           |        |
| Profit and Loss A/c |               | 4,500           | Debtors             | 17,800          |        |
| Capital A/cs:       |               |                 | Stock               | 22,300          |        |
| A                   | 40,000        |                 | Furnitures          | 3,500           |        |
| B                   | 25,000        |                 | Plant and machinery | 9,750           |        |
| C                   | <u>20,000</u> | 85,000          | Building            | 24,000          |        |
|                     |               | <u>1,08,400</u> |                     | <u>1,08,400</u> |        |

A retired from the business on the same date and his share of profit is taken by B and C in equal ratio. The following revaluation is to be done.

- Stock ` 20,000; Furniture ` 3,000; Plant and machinery ` 9,000; Building ` 20,000; Provisions for bad and doubtful debts is to be provided at ` 850.
- The goodwill of the firm is valued at ` 9,000.
- The total capital of the partners will remain as ` 90,000 in proportionate to the profit sharing ratio. The amount due to A is immediately paid to him.

Prepare revaluation A/c, Partners' Capital A/c and the balance sheet of the newly constituted firm.

### PART - B

- When is dividend received as an operating activity? **1**
- Payment for purchase of goodwill is classified under which activity in a cash flow statement? **1**
- One of the limitations of Financial Statement Analysis is that it is not free from bias of the analyst, State any other two limitations of it. **4**
  - List any two items that are shown under Non-current Liabilities as per Schedule III of the Companies Act, 2013.
- What is Comparative Income Statement? **4**
  - From the following information, prepare a Comparative Statement of Profit and Loss.

| Particulars               | 31 <sup>st</sup> March 2017 | 31 <sup>st</sup> March 2016 |
|---------------------------|-----------------------------|-----------------------------|
| Revenue from Operations   | 40,00,000                   | 32,00,000                   |
| Employee Benefits Expense | 20,00,000                   | 16,00,000                   |
| Other Expenses            | 2,00,000                    | 4,00,000                    |
| Tax Rate                  | 40%                         | 40%                         |

- Current Ratio 2.5, Quick Ratio 1.5, Working Capital ` 1,20,000, Gross Profit @ 25% on Revenue from Operations was ` 1,00,000, Inventory Turnover Ratio 3 Times. Calculate Opening Inventory, Current Liabilities, Current Assets and Quick Assets. **4**
- The following are the Balance Sheets of GEC Ltd. as on 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2016. Prepare a Cash flow Statement. **6**

| Particulars                                  | Note No. | 31 <sup>st</sup> March 2017 | 31 <sup>st</sup> March 2016 |
|--|----------|-----------------------------|-----------------------------|
| <b>I. EQUITY AND LIABILITIES</b>             |          |                             |                             |
| <b>1. Shareholders' Funds</b>                |          |                             |                             |
| a) Share Capital                             |          | 8,00,000                    | 6,00,000                    |
| b) Reserves and Surplus                      | 1        | 3,30,000                    | 2,20,000                    |
| <b>2. Non-Current Liabilities</b>            |          |                             |                             |
| Long-term Borrowings                         | 2        | 1,60,000                    | 1,00,000                    |
| <b>3. Current Liabilities</b>                |          |                             |                             |
| a) Trade Payable                             |          | 1,25,000                    | 1,40,000                    |
| b) Short-term Provisions                     | 3        | 40,000                      | 55,000                      |
| <b>TOTAL</b>                                 |          | 14,55,000                   | 11,15,000                   |
| <b>II. ASSETS</b>                            |          |                             |                             |
| <b>1. Non-Current Assets</b>                 |          |                             |                             |
| a) Fixed Assets                              |          | 9,50,000                    | 6,05,000                    |
| b) Non-current Investments                   | 4        | 1,35,000                    | 1,00,000                    |
| <b>2. Current Assets</b>                     |          |                             |                             |
| a) Current Investments-Marketable Securities |          | 80,000                      | 40,000                      |
| b) Trade Receivables                         |          | 90,000                      | 2,00,000                    |
| c) Cash and Cash Equivalents                 | 5        | 2,00,000                    | 1,70,000                    |
| <b>TOTAL</b>                                 |          | 14,55,000                   | 11,15,000                   |

Notes to Accounts.

| Particulars   | 31 <sup>st</sup> March 2017 | 31 <sup>st</sup> March 2016 |
|---|-----------------------------|-----------------------------|
| <b>1. Reserves and Surplus</b>                        |                             |                             |
| Securities Premium Reserve                            | 10,000                      |                             |
| General Reserve                                       | 1,50,000                    | 1,20,000                    |
| Surplus, i.e. Balance in Statement of Profit and Loss | 1,70,000                    | 1,00,000                    |
|   | 3,30,000                    | 2,20,000                    |
| <b>2. Long-term Borrowings</b>                        |                             |                             |
| 10% Debentures  | 1,60,000                    | 1,00,000                    |
| <b>3. Short-term Provisions</b>                       |                             |                             |
| Provision for Tax                                     | 40,000                      | 55,000                      |
| <b>4. Fixed Assets</b>                                |                             |                             |
| Tangible Assets: machinery (Cost)                     | 10,70,000                   | 7,00,000                    |
| Less: Accumulated Depreciation                        | 1,20,000                    | 95,000                      |
|   | 9,50,000                    | 6,05,000                    |
| <b>5. Cash and Cash Equivalents</b>                   |                             |                             |
| Cash in hand  | 1,20,000                    | 1,05,000                    |
| Cash at Bank  | 80,000                      | 65,000                      |
|   | 2,00,000                    | 1,70,000                    |

Additional Information.

- During the year, Machinery Costing ` 70,000 (accumulated depreciation of ` 55,000) was sold at a profit of ` 10,000.
- At the end of the year, some Non-Current Investments costing ` 40,000 were sold at a profit of 20%.