

DAV PUBLIC SCHOOL, MCL , KALINGA AREA

PRACTICE PAPER -2

CLASS-XII ACCOUNTANCY (055)

Time allowed : 3 Hours

Maximum Marks:80

General Instructions:

- Please check that this question paper contains two Parts **A and B**
- Please write down the serial number of the question before attempting it.
- Give working notes, wherever necessary
- 25% marks would be deducted for not using the correct format and for working notes.
- Answer all the questions

PART-A

(Accounting for Not-for-Profit Organisations, Partnership Firms and Companies)

1. Interest on partner's loan , when capitals are fixed, is credited to his _____ (1)
2. A and B are partners in a firm and are sharing profits and losses in the ratio of 3 : 2. C is admitted for 20% share of profit and brings Rs.1,00,000 as capital. The adjusted capital of A will be :
(a) Rs.80,000 (b) Rs.1,20,000 (c) Rs.1,60,000 (d) Rs.2,40,000 (1)
3. A, B, C and D were partners in a firm sharing profits in the ratio of 4 : 3 : 1. On 01.01.2019, they admitted E as a new partner for 1/10th share in profits. E brought Rs.10,000 for his share of goodwill premium which was correctly entered in the books by the accountant. The accountant showed goodwill at Rs.1,00,000 in the books. Was the accountant correct doing so ? Give reason in support of your answer. (1)
4. Identify a situation, under which the court may order for dissolution of a partnership firm. (1)
5. A, B and C are sharing profits in the ratio 2 : 2 : 1. B died on 30th June, 2019. Accounts are closed on 31st March each year. Sales and profits for the year ended 31st March,2019 were Rs.28,00,000 and Rs.8,40,000 respectively. The sales of firm amounted to Rs.12,00,000 between the period from 1st April,2019 to 30th June,2019. The amount of profit to be credited to B's executors Account will be :
(a) Rs.72,000 (b) Rs.1,80,000 (c) Rs.1,44,000 (d) Rs.1,54,000 (1)
6. On reissue of forfeited shares, the amount of discount cannot exceed :
(a) 10% face value of shares (c) 10% of called up capital of shares
(b) Amount received on forfeited shares (d) Amount not received on such shares. (1)
7. Atul and Neera were partners in a firm sharing profits in the ratio of 3 : 2. They admitted Mitali as a new partner. Goodwill of the firm was valued at Rs.2,00,000. Mitali brings her share of goodwill premium of Rs.20,000 in cash, which is entirely credited to Atul's Capital Account. Calculate the new profit sharing ratio. (1)
8. A and B are partners in a firm sharing profits in the ratio of 3 : 2. Mrs. A has given a loan of Rs.20,000 to the firm and the firm has also taken a loan of Rs.10,000 from B. The firm is dissolved and its assets were realized for Rs.25,000. State the order of payment of Mrs.A Loan and B's Loan with reason, if there were no other creditors of the firm. (1)
9. Star Sports Club sells an old Table Tennis Table (Book Value Rs.7,000) for Rs.8,500. Show how the sale would be reflected in the Income and Expenditure Account. (1)

10. At what rate of interest payable on the amount remaining unpaid to the executor of deceased partner, in absence of any agreement among partners when she/ he opts for interest and not share of profit.
 (a) 12% p.a (b) 8% p.a. (c) 6% p.a. (d) 7.5% p.a. (1)
11. A, B and C are partners sharing profits in the ratio of 3 : 2 : 1. They decided to share future profits equally. Workmen Compensation Reserve appear in the balance sheet at Rs.30,000 which will be distributed among the partners in _____ (1)
12. Bull Ltd. Issued 1,50,000, 10% debenture of Rs.10 each on 1st April,2017 redeemable at par on 31st March,2020. The debenture redemption investment should be made before _____
 (a) 31st March,2018 (b) 30th April,2019 (c) 30th April,2018 (d)31stMarch,2019 (1)
13. Raju and Vinod decide to admit Suraj as a new partner in their firm. He is required to bring Rs.10,000 as capital and Rs.2,000 towards goodwill. What right can a new partner acquire by contributing towards capital and goodwill ? (1)
14. How the following items for the year ended 31st March,2019 will be presented in the financial statements of Aisko Club:

Particulars	Debit Amount(Rs.)	Debit Amount(Rs.)
Tournament Fund	-	1,50,000
Tournament Fund Investments	1,50,000	-
Income from Tournament Fund Investments	-	18,000
Tournament Expenses	12,000	

Additional Information: Interest Accrued on Tournament Fund Investment Rs.6,000.

OR

From the following information, calculate the amount of medicines to be debited to the Income and Expenditure Account of Swine Hospital for the year ended 31st March,2019 :

	<u>Amount (Rs.)</u>
Stock of medicines on 01.04.2018	2,47,000
Stock of medicines on 31.03.2019	3,69,000
Creditors of medicines on 01.04.2018	17,85,000
Creditors of medicines on 31.03.2019	19,37,000
Paid to creditors for medicines during the year ended 31.03.2019	20,00,000 (3)

15. P, Q and R were partners sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. On 30th June, 2019, R died. The following information is provided on R's death :
- (i) Balance in his Capital account in the beginning of the year was Rs.6,50,000.
 (ii) He withdrew Rs.60,000 on 15th May,2019 for his personal use.
 On the date of death of a partner, the partnership deed provided for the following :
- (a) Interest on capital @ 10% per annum.
 (b) Interest on drawings @ 12% per annum.
 (c) His share in the profit of the firm till the date of death, to be calculated on the basis of the rate of Net Profit on Sales of the previous year, which was 25%. The Sales of the firm till 30th June,2019 were Rs.6,00,000.
 Prepare R's Capital Account on his death to be presented to his executors. (4)
16. Kumar and Raja were partners in a firm sharing profits in the ratio of 7 : 3. Their fixed capitals were : Kumar Rs.9,00,000 and Raja Rs.4,00,000. The partnership deed provided for the following but the profit for the year was distributed without providing for :
- (i) Interest on Capital @ 9% per annum.
 (ii) Kumar's salary Rs.50,000 per year and Raja's salary Rs.3,000 per month.
 The profit for the year ended 31.3.2019 was Rs.2,78,000. Pass the adjustment entry.

OR

Pass necessary rectifying journal entries for the following omissions committed, while preparing Profit and Loss Appropriation Account. You are also required to show your working clearly.

- (i) A, B and C were partners sharing profits and losses equally. Their fixed capitals were : A Rs.4,00,000 ; B Rs.5,00,000 and C Rs.6,00,000. The partnership deed provided that interest on partners' capital will be allowed @ 10% p.a. The same was omitted.
- (ii) P,Q and R were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Their partnership deed provided that interest on partners' drawings will be charged @ 18% p.a. interest on the partners' drawings was Rs.1,000 , Rs.500 and Rs.2,000 respectively. The same was omitted. (4)

17. On 1st April, 2018, Vishwas Ltd. was formed with an authorized capital of Rs.10,00,000 divided into 1,00,000 equity shares of Rs.10 each. The company issued prospectus inviting applications for 90,000 equity shares. The company received applications for 85,000 equity shares. During the first year, Rs.8 per share were called.

Ram holding 1,000 shares and Shyam holding 2,000 shares did not pay the first call of Rs.2 per share. Shyam's shares were forfeited after the first call and later on 1,500 of the forfeited shares were re-issued at Rs.6 per share, Rs.8 called up.

Present the Share Capital as per Schedule III of Companies Act, 2013 (4)

18. Dillip and Dinesh were partners sharing profits in the ratio of 2 : 3. On 28-2-2019 the firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realization account, you are given the following information :

- (a) A creditor for Rs.1,40,000 accepted machinery valued at Rs.1,80,000 and paid to the firm Rs.40,000.
- (b) A second creditor for Rs.30,000 accepted machinery valued at Rs.28,000 in full settlement of his claim.
- (c) A third creditor amounting to Rs.70,000 accepted Rs.30,000 in cash and investment of the book value of Rs.45,000 in full settlement of his claim.
- (d) Loss on dissolution was Rs.4,000.

Pass necessary journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque. (4)

19. Prepare an Income and Expenditure Account from the following particulars of Young Achiever's Club:

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

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d	32,500	By Salaries	31,500
To Subscriptions		By Postage	1,250
2017-18 1,500		By Rent	9,000
2018-19 60,000		By Printing and Stationery	14,000
2019-20 <u>1,800</u>	63,300	By Sports material	11,500
To Donations (Billiards table)	90,000	By Miscellaneous expenses	3,100
To Entrance Fees	1,100	By Furniture (01.10.2018)	20,000
To Sale of old Magazines	450	By 10% Investments (01.07.2018)	70,000
		By Balance c/d	27,000
Total	1,87,350	Total	1,87,350

Additional Information

- (i) There are 250 members each paying an annual subscription of Rs.300
- (ii) Rs.1,200 is still in arrears for the year 2017-18 for subscription.
- (iii) Value of sports material at the beginning and the end of the year was Rs.3,000 and Rs.4,500 respectively.
- (iv) Depreciation to be provided @ 10% p.a. on Furniture. (6)

20. Pass the necessary Journal entries for the following transactions in the books of Pravat Ltd.
- Purchased Land & Building worth Rs.19,80,000 from Dinesh & Co (vendor). The vendor were paid by issue of 12% Debenture of Rs.100 each at a discount of 10%.
 - Issued 1,500, 12% Debentures of Rs.100 each at a discount of 10% redeemable at a premium of 5%.
 - Issued 10,000,12% Debentures of Rs.100 each as collateral in favour of Punjab National Bank against a Term Loan of Rs.8,00,000 .
Company opted to pass necessary entry for issue of debentures.

OR

Fresh and Honest Ltd. has total redeemable debentures of Rs.5,00,000. It decides to redeem these debentures in two instalments of Rs.3,00,000 and Rs.2,00,000 on December 31st 2017 and March 31st 2019 respectively. Assuming that the Company has sufficient funds in Debenture Redemption Reserve Account. Pass necessary Journal entries for the year ending March 31st 2019. (6)

- 21.Sanjana and Alok were partners in a firm sharing profits and losses in the ratio 3 : 2. On 31st March,2019 their Balance Sheet was as follows :

Liabilities	Amount (Rs.)	Assets	Amount(Rs.)
Creditors	60,000	Cash	1,66,000
Workmen's Compensation		Debtors	1,46,000
Fund	60,000	Less: Provision for doubtful debts	<u>2,000</u>
Capitals :		Stock	1,50,000
Sanjana	5,00,000	Investments	2,60,000
Alok	<u>4,00,000</u>	Furniture	3,00,000
Total	10,20,000	Total	10,20,000

On 1st April,2019 they admitted Nidhi as a new partner for 1/4th share in the profits on the following terms :

- Goodwill of the firm was valued at Rs.4,00,000 and Nidhi brought the necessary amount in cash for her share of goodwill premium, half of which was withdrawn by the old partners.
- Stock was to be increased by 20% and furniture was to be reduced to 90%.
- Investments were to be valued at Rs.3,00,000. Alok took over investments at this value.
- Nidhi brought Rs.3,00,000 as her capital and the capitals of Sanjana and Alok were adjusted in the new profit sharing ratio.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the reconstituted firm on Nidhi's admission.

OR

Ram, Shyam and Hari were in partnership sharing profits in proportion to their capitals. Their Balance Sheet as on 31st March,2019 was as follows :

Liabilities	Amount (Rs.)	Assets	Amount(Rs.)
Sundry Creditors	16,600	Cash	15,000
Workmen's Compensation		Debtors	21,000
Fund	9,000	Less: Provision for doubtful debts	<u>1,400</u>
General Reserve	6,000	Stock	19,000
Capitals :		Machinery	58,000
Ram	90,000	Building	1,00,000
Shyam	60,000		
Hari	<u>30,000</u>		
Total	2,11,600	Total	2,11,600

On the above date, Shyam retired owing to ill health. The following adjustments were agreed upon for calculation of amount due to Shyam.

- Provision for Doubtful Debts to be increased to 10% of Debtors.
- Goodwill of the firm be valued at Rs.36,000 and be adjusted into the Capital Accounts of Ram and Hari, who will share profits in future in the ratio of 3 : 1. (Cont.....)

- c) Included in the value of Sundry Creditors was Rs.2,500 for an outstanding legal claim which will not arise.
- d) Ram and Hari also decided that the total capital of the new firm will be Rs.1,20,000 in their profit sharing ratio. Actual cash to be brought in or to be paid off as the case may be.
- e) Shyam to be paid Rs.9,000 immediately and balance to be transferred to his Loan Account. Prepare Revaluation Account, Partner's capital Accounts and Balance Sheet of the new firm after Shyam's retirement. (8)

22. Sargam Ltd. Invited applications for issuing 80,000 equity shares of Rs.100 each at a premium .The amount was payable as follows :

On Application	Rs.20 per share
On Allotment	Rs.60(including premium) per share
On First and Final call	Rs.40 per share

Applications for 1,20,000 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. Sitaram, who had applied for 6,000 shares failed to pay the allotment money and Harnam did not pay first and final call on 800 shares allotted to him. The shares of Sitaram and Harnam were forfeited, 4,200 of these shares were reissued for Rs.100 per share as fully paid up. The re-issued shares included all the forfeited shares of Harnam.

Pass necessary journal entries for the above transactions in the books of Sargam Ltd.

OR

Record the journal entries for forfeiture and re-issue of shares in the books of Shyam Ltd.

- (a) X Ltd. Forfeited 20 equity shares of Rs.10 each, Rs.7 called up on which the shareholder had paid application and allotment money of Rs.5 per share. Out of these, 15 shares were re-issued to Naresh as Rs.7 per share paid up for Rs.8 per share.
- (b) Y Ltd. Forfeited 90 equity shares of Rs.10 each, Rs.8 called up issued at a premium of Rs.2 per share to Raj for non-payment of allotment money of Rs.5 per share(including premium). Out of these , 80 shares were re-issued to Sanjay as Rs.8 called up for Rs.10 per share.
- (c) L Ltd. Forfeited 470 equity shares of Rs.20 each issued at a premium of Rs.3 per share for non-payment of allotment money of Rs.8 (including premium) and first call of Rs.5 per share. Final call of Rs.5 per share was not made. Out of these 235 shares were reissued at Rs.19 each fully paid. (8)

PART-B

Analysis of Financial Statements

23. What will be the impact of cash paid to 'Trade Payables' on a current ratio of 2 : 1 ? State the reason. (1)
24. State the significance of Analysis of financial statements to the 'Lenders'. (1)
25. What will be the operating profit ratio, if operating ratio is 83.94% ? (1)
26. M Ltd. Is carrying on a Mutual Fund business . M Ltd. has invested Rs.25,00,000 in shares of Reliance Ltd. and Rs.10,00,000 in the bonds of Power Corporation during the year. The company received Rs.4,00,000 as dividend and interest. Under which activity this dividend and interest will be shown while preparing Cash Flow Statement. (1)
27. The two basic measures of operational efficiency of a company are _____
- (a) Inventory Turnover Ratio and Working Capital Turnover Ratio.
- (b) Liquid Ratio and operating Ratio
- (c) Liquid Ratio and Current Ratio.
- (d) Gross Profit Margin and Net Profit Margin. (1)
28. While preparing Cash Flow Statement the accountant of K Ltd. added depreciation charged on machinery in the surplus of the year for calculating Cash flow from operating activities. Was he correct in doing so ? Give reason. (1)

29.L&T Finance Ltd. has given term loans of Rs.5,00,000, invested Rs.8,00,000 in equity shares of other companies and Rs.10,00,000 in Computers. It earned profit on Sale of equity shares Rs.25,000 and dividend of Rs.5,000.

Find Cash Flow from Investing Activities. (1)

30. 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:

i) Premium on Redemption of Debentures. ii) Loose Tools iii) Tax Reserve

OR

From the following information related to a Company, Calculate **Inventory Turnover Ratio**:

Opening Inventory Rs.20,000 ; Closing Inventory Rs.22,000 ; Purchase Rs.80,000 ; Wages Rs.9,000; Carriage Outwards Rs.2,000 ; Return outwards Rs.1,000 ; Revenue from operations Rs.80,000; Carriage Inwards Rs.4,000 ; Rent Rs.5,000. (3)

31.From the following Statement of Profit and Loss of the Laxmi Ltd. for the year ended 31st March,2018 and 31st March,2019, Prepare Comparative Statement of Profit and Loss :

Particulars	31 st March,2018 Amount (Rs.)	31 st March,2019 Amount (Rs.)	Absolute change(Rs.)	% of Change
I. Revenue from Operations	15,00,000	-----	5,00,000	-----
II. Other Incomes	4,00,000	-----	-----	150%
III. Total Revenue (I+II)	-----	30,00,000	11,00,000	-----
IV. Expenses	15,00,000	21,00,000	-----	-----
V. Profit before Tax (III – IV)	-----	-----	5,00,000	-----
VI. Income Tax @ 50%	-----	-----	2,50,000	-----
VII. Profit after Tax (V – VI)	2,00,000	4,50,000	-----	125%

OR

From the following Balance Sheet of Suman Ltd. Prepare Common Size Statement (4)

Balance Sheet as at 31st March,2019

Particulars	Note No	31.3.2019 (Rs.)	31.3.2018 (Rs.)
<u>I. EQUITY AND LIABILITIES</u>			
i) Shareholder's Funds:			
a. Share Capital		5,00,000	4,00,000
b. Reserve and Surplus		1,60,000	1,20,000
ii) Current Liabilities			
a. Trade Payable		1,40,000	80,000
Total		8,00,000	6,00,000
<u>II ASSETS</u>			
i) Non-Current Assets :			
a. Fixed Assets:			
i. Tangible Assets		3,20,000	2,40,000
ii. Intangible Assets		40,000	60,000
ii) Current Assets			
a. Inventories		1,60,000	60,000
b. Trade Receivables		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 Sheets of Sreshtha Ltd. as at 31.3.2019 and 31.3.2018. Calculate Cash from Operating activities. Showing your workings clearly.

Particulars	Note No	31.3.2019 (Rs.)	31.3.2018 (Rs.)
<u>I. EQUITY AND LIABILITIES</u>			
i) Shareholder's Funds:			
a. Share Capital		20,00,000	15,00,000
b. Reserve and Surplus	1	5,00,000	3,00,000
ii) Non-Current Liabilities			
Long term Borrowings		3,00,000	2,00,000
iii) Current Liabilities			
a. Trade Payable		1,50,000	2,00,000
b. Short term provisions	2	70,000	60,000
Total		30,20,000	22,60,000
<u>II ASSETS</u>			
i) Non-Current Assets :			
Fixed Assets			
(i) Tangible Assets	3	19,00,000	15,00,000
(ii) Intangible Assets	4	4,70,000	2,70,000
ii) Current Assets			
a. Inventories		2,50,000	1,60,000
b. Trade Receivables		2,10,000	2,10,000
c. Cash and Cash Equivalents		1,90,000	1,20,000
Total		30,20,000	22,60,000

Notes to Accounts

Particulars	31.3.2019 (Rs.)	31.3.2018 (Rs.)
1. Reserves and Surplus		
Surplus i.e Balance in Statement of Profit and Loss	5,00,000	3,00,000
2.Short-term Provisions		
Provision for Tax	70,000	60,000
3. Tangible Assets		
Machinery	27,00,000	21,00,000
Accumulated Depreciation	(8,00,000)	(6,00,000)
	19,00,000	15,00,000
4. Intangible Assets		
Goodwill	4,70,000	2,70,000

Additional Information:

(i) During the year, a piece of machinery costing Rs.30,000 on which accumulated depreciation was Rs.6,000 was sold for Rs.20,000. (6)

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