**PRACTICE PAPER-1**

**ACCOUNTANCY (055) CLASS – XII**

**2016-17**

Time allowed : Three hours 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 has two options – Financial Statements Analysis and Computerized Accounting.**

**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. Ram, Sham, Mohan are partners sharing profits and losses in the ratio of 3 : 2: 1. Mohan retired and his capital balance after adjustments regarding reserves, accumulated profits/losses and gain/loss on revaluation was 350000. Mohan was paid 41000 in full settlement. Afterwards Sohan was admitted for 1/4th share. Calculate the amount of goodwill premium brought by Sohan. 1

2. X and Y were partners in a firm. They admitted Z as a new partner for 20% share in the profits. After all adjustments regarding general reserve, goodwill, gain or loss Z revaluation, the balances in capital accounts of X and Y were 275000 and 325000 respectively. Z brought proportionate capital so as to give him 20% share in the profits. Calculate the amount of capital to be brought by Z. 1

3. A and B are partners. The net divisible profit as per Profit and Loss Appropriation A/c is 36000. The total interest on partner’s drawing is 600. A’s salary is 2000 per quarter and B’s salary is 10000 per annum. Calculate the net profit/loss earned during this year. 1

4. ABC Ltd. Purchased for cancellation its own 6000.10% Debentures of 100 each for 92 per debenture. Brokerage charges 2,000 were incurred. Calculate the amount to be transferred to capital reserve. 1

5. How are calls in Advance Shown in Balance Sheet ? 1

6. A claims 6% p.a. interest on Capital. Is his claim valid if partnership deed is Silent in this matter1

7. Moti Ltd. Obtained loan of Rs. 1,20,000 from Bank of India and issued 1,500, 9% Debentures of Rs. 100 each as collateral security. How will be issue of debentures shown in the Balance Sheet?

3

8. A : B : C are partners in ratio 3:2:1 in a firm D joins the Firm – A surrender ¼ of his share in Favour of D, C surrender ½ of his share in Favour of C calculate new profit sharing ratio. 3

9. Jeevika Ltd. Purchased a running business from Vicky Ltd. For a sum of Rs. 2,50,000 payable as Rs. 2,20,000 in fully paid equity shares of Rs. 10 each and balance by a bank draft. The assets and liabilities consisted of the following: 3

Plant and Machinery Rs. 90,000; Building Rs. 90,000; Sundry Debtors Rs. 30,000; Stock Rs. 50,000; Cash Rs. 20,000; Sundry Creditors Rs. 20,000. You are required to pass necessary journal entries for the above transactions in the books of Jeevika Ltd.

10. M Ltd. Was a cloth manufacturing company located in Bombay. Being a socially aware organization they wanted to set up a manufacturing plant in a backward area of Bihar to provide employment to the local people. On 24 Dec, 2015 a flood had hit the entire state of causing massive destruction and loss. The company wanted to help the people, so they decided to raise funds through issue of 60,000 Equity shares of Rs. 101 each to set up the plant in the rural area of Bihar Pass necessary Journal entries for the issue of shares and identify any two values the company wanted to communicate to the society. 3

11. Aman, Naman and Namish were partners sharing profits and losses in the ratio of 4 : 3 : 2 respectively. Naman retired on 1st April, 2014. On that date capitals of Aman, Naman and Namish after all necessary adjustments stood at Rs. 22,000; Rs. 16,000 and Rs. 10,000 respectively. The entire capital of the firm as newly constituted is fixed at Rs. 32,000 between Aman and Namish in the proportion of 5/8th and 3/8th after passing entries in their accounts for adjustments. Calculate actual cash to be paid off or to be brought in by the continuing partners and pass necessary Journal entries. 4

12. Raghav, Madan and Rishu are partners. Their fixed capitals as on 31st March, 2014 were: Raghav Rs. 60,000, Madan Rs. 1,40,000 and Rishu Rs. 2,20,000. Profits for the year 2013-2014 amounting to Rs. 84,000 were distributed. Interest on Capital was credited @ 10% p.a. though there was no such provision in the partnership deed. Pass the necessary adjusting entry. 4

13. A, B and C were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2013, their Balance Sheet was as follows: 6

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Creditor  Reserves  Capital A/cs:  A 30,000  B 20,000  C 10,000 | 20,000  10,000  60,000 | Building  Machinery  Stock  Patents  Debtors  Cash | 30,000  20,000  20,000  10,000  5,000  5,000 |
|  | 90,000 |  | 90,000 |

A died on 1st October 2013. It was agreed among his executors and the remaining partners that :

(i) Goodwill to be valued at 4 years’ purchase of the average profits of the previous 4 years, which were 2009-10 : Rs. 12,000; 2010-11: Rs. 11,000; 2011-12: Rs. 30,000 and 2012-13: Rs. 17,000.

(ii) Patents be valued at Rs. 6,000; Machinery at Rs. 17,000; and Building at Rs. 37,000.

(iii) Profits for the year 2013-14 be taken as having accrued at the same rate as that of the previous year.

(iv) Interest on capital be provided @ 10% p.a.

(v) Half of the amount due to A to be paid immediately to the executors and the balance transferred to his (Executors) Loan Account.

Prepare A’s Capital Account and A’s Executors’ Account as on 1st October, 2013.

14. Ghai Cosmetics Ltd. Issued 24,000; 7% Debentures of Rs. 100 each on 31st March, 2006 redeemable at a premium of 8% on 30th June, 2015. The Board of Directors decided to transfer the required amount to Debenture Redemption Reserve in three equal annual installments starting from 31st March, 2013. The company invested the funds as required by law in fixed deposit in a bank on 30th April, 2014 earning interest @ 10% p.a. Tax was deducted on interest earned @ 10% by the bank. 6

Pass necessary Journal entries regarding issue and redemption of debentures.

15. Balance Sheet of a firm as at 31st March, 2015 was : 6

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Sanjay’s Capital 6,50,000  Vineet’s Capital 3,00,000  Vishal’s Capital 2,00,000  Sundry Creditors  Profit and Loss A/c | 11,50,000  1,00,000  1,50,000 | Freehold Property  Investments  Sundry Debtors  Stock  Cash at Bank | 8,00,000  1,00,000  1,50,000  1,50,000  2,00,000 |
|  | 14,00,000 |  | 14,00,000 |

The partnership was dissolved on the above date. Sanjay took over the Investments at a value of Rs. 90,000. Cash realized was; Freehold Property Rs. 8,90,000; Sundry Debtors Rs. 1,40,000 and Stock 1,30,000. Creditors were paid at a discount of 5%. Expenses of realization came to Rs. 25,000. Pass Journal entries and prepare necessary Ledger Accounts to close the books.

16. Khanna and Seth were partners in a firm sharing profits in the ratio of 3 : 1. They admitted Metha as a new partner for 3/8th share in the profits. The new profit sharing ratio will be 3:2 : 3. Metha brought Rs. 2,00,000 for his capital and Rs. 50,000 for his share of premium for goodwill. On 31st March, 2007, the date of Metha’ admission, the Balance sheet of Khanna and Seth was: 8

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Creditors  Bills Payable  Capital A/cs:  Khanna 4,00,000  Seth 1,00,000 | 60,000  20,000  5,00,000 | Cash  Debtors  Stock  Furniture  Machinery | 90,000  80,000  1,50,000  50,000  2,10,000 |
|  | 5,80,000 |  | 5,80,000 |

It was agreed that :

(i) Stock to be valued at Rs. 2,00,000.

(ii) Machinery will be depreciated by 12% and Furniture by Rs. 2,000.

(iii) A Provision of 5% for Bad and Doubtful Debts will be made on Debtors.

(iv) The Capital Accounts of all the partners were adjusted in the new profit-sharing ratio after admission. For surplus or deficiency, the Current Accounts were to be opened.

(v) Prepare Revaluation Account, Partners’ Capital Accounts and the Balance Sheet of the new firm.

**Or**

Following is the Balance Sheet as at 31st March, 2009 of M/s. Iqbal, Vimal and Nutan who share profits in the ratio of : Iqbal 2/5 , Vimal 2/5 and Nutan 1/5:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs. | Assets | Rs. |
| Capital A/cs:  Iqbal 38,000  Vimal 32,000  Nutan 10,000  Sundry Creditors  Bills Payable  General Reserve | 80,000  10,000  4,000  3,000 | Goodwill  Stock  Sundry Debtors  Land and Building  Plant and Machinery  Motor Vehicle | 5,000  10,000  15,000  25,000  30,000  12,000 |
|  | 97,000 |  | 97,000 |

Iqbal retired on 1st April, 2009 and following arrangements were agreed upon:

(i) Goodwill of the firm is to be valued at Rs. 18,000.

(ii) The assets and liabilities are to be valued s under:

Stock Rs. 8,000; Sundry Debtors Rs. 14,000; Land and Building Rs. 28,000; Plant and Machinery Rs. 28,000 and Sundry Creditors Rs. 9,000.

(iii) Vimal and Nutan were to introduce Rs. 25,000 and Rs. 10,000 respectively into the business and Rs. 20,000 were to be paid to Iqbal. The balance due to Iqbal was to be paid in three equal installments annually together with interest @ 9% p.a.

(iv) Vimal and Nutan agreed not to retain goodwill in books. Prepare partner’s capital accounts and prepare Balance Sheet of the firm after Iqbal’s retirement and Iqbal’s Loan Account until it is paid.

17. Manu Ltd. Issued 12,000 Equity Shares of Rs. 100 each at Rs. 120 payable as follows:

Rs. 25 on application, Rs. 45 on allotment (including premium), Rs. 20 on first call; and Rs. 30 on final call. 10,000 Equity Shares were applied for and allotted. All the money was received with the exception of first call and the final call on 250 Equity Shares held by Monohar. These Equity Shares were forfeited. Give journal entries to record the transactions and show how the share capital will be presented in the balance sheet of company. 8

**Or**

17. On 1st April, 2012, Naveen Ltd. Issued for public subscription 60,000 Equity Shares of Rs. 10 each at a premium of Rs. 4 per share, payable as follows:

Rs. 6 on application (including Rs. 1 premium)

Rs. 2 on allotment (including Rs. 1 premium)

Rs. 3 on first call (including Rs. 1 premium) Rs. 3 on second and final call (including Rs. 1 premium)

Applications were received for 90,000 shares, of which applications for 18,000 shares were rejected and their money was refunded. Rest of the applicants were issued shares on pro rata bai and their excess money was adjusted towards allotment. Vansh, to whom 1,200 shares were allotted, failed to pay the allotment money and his shares were forfeited after allotment. Hanker, who applied for 2,160 shares failed to pay the two calls and on his such failure, his shares were forfeited. 2,400 forfeited shares were reissued as fully paid on receipt of Rs. 9 per share, the whole of Shanker’s shares being included. Prepare Cash Book and Pass necessary Journal entries. Also, give the Balance Sheet of the company.

**PART – B OPTION-1 ANALYASIS OF FINANCIAL STATEMENTS**

18. The Goodwill of X Ltd. Increased from Rs. 200000 in 2013-14 to Rs. 250000 in 2014-15. What will be its treatment while preparing Cash flow statement for the year ended 31st March 2015 1

19. Calculate Tax Paid during the year 2008-09 1

31-03-08 31-03-09

Provision for Tax 120000 180000

Addition Information : Provision for Income Tax made during the year 2008-2009 was Rs. 100000

20. (Classification of Assets and Liabilities) Under which sub-headings will the following items be shown in the Balance Sheet of a company as per Schedule III Part I of the Companies Act, 2013

(i) Long-tem Loans (ii) Capital redemption reserve 4

(iii) Short term provisions (iv) Goodwill

(v) Provision for warranties (vi) Brand/Trademarks

21. (a) A business has a current ratio of 3 : 1 and quick ratio of 1.2:1. If the working capital is Rs. 1,80,000/-, Calculate the total Current Assets and value of Inventory. 4

(b) From the given information calculate the inventory turnover ratio. Revenue from operations Rs. 2,00,000; GP : 25% on Cost; Inventory at the beginning is 1/3 of the Inventory at the end which was 30% of Revenue from Operations.

22. From the following Statement of Profit & Loss of ABC Ltd. Prepare Comparative Statement of Profit & Loss: 4

|  |  |  |
| --- | --- | --- |
| Particulars | 2013-14  Rs. | 2012-13  Rs. |
| Revenue from Operation | 40,00,000 | 25,00,000 |
| Employee Benefit Expenses | 35% of Revenue from operations | 45% of Revenue from Operations |
| Other Expenses | 6,80,000 | 5,90,000 |
| Income Tax rate | 50% | 50% |

23. From the following information of a Public Company as at 31st March, prepare a Cash Flow Statement showing full working of your calculations: 6

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Note No. | 31.3.2015  Rs. | 31.3.2014 |
| 1. EQUITY AND LIABILITIES  Shareholders’ Funds  Share Capital  Reserve and Surplus  Non-current Liabilities:  Long Term Borrowings  Current Liabilities  Trade Payables  Total | 1  2  3 | 6,00,000  2,30,000  1,00,000  2,70,000 | 7,50,000  (1,00,000)  1,00,000  1,50,000 |
|  |  | 12,00,000 | 9,00,000 |
| II ASSETS  Non-Current Assets  Fixed Assets  Tangible Assets  Intangible Assets  Non-Current Investments  Current Assets  Inventories  Cash and Cash Equivalents  Total | 4  5  6 | 7,10,000  15,000  80,000  1,50,000  2,45,000 | 6,00,000  40,000  80,000  1,60,000  20,000 |
|  |  | 12,00,000 | 9,00,000 |

Notes to Accounts

|  |  |  |
| --- | --- | --- |
|  | 31.3.2015  Rs. | 31.3.2014  Rs. |
| Note No. 1 : Share Capital  Equity Share Capital  10% Preference Share Capital | 4,00,000  2,00,000 | 4,00,000  3,50,000 |
|  | 6,00,000 | 7,50,000 |
| Note No. 2 : Reserve and Surplus  Profit and Loss | 2,30,000 | (1,00,000) |
|  | 2,30,000 | (1,00,000) |
| Note No. 3 : Long-term Borrowings  12% Debentures | 1,00,000 | 1,00,000 |
| Note No. 4 : Tangible Assets  Plant & Machinery | 7,10,000 | 6,00,000 |
| Note No. 5 : Intangible Assets  Goodwill | 15,000 | 40,000 |
|  | 15,000 | 40,000 |
| Note No. 6 : Non-Current Investments  10% Bonds | 80,000 | 80,000 |
|  | 80,000 | 80,000 |

Additional Information:

(i) Depreciation provided during the year 2014-15 was Rs. 1,35,000.

(ii) Dividend paid Rs. 45,000.

(iii) During the year 2014-15, the company had paid Rs. 50,000 as tax which included Rs. 10,000 for taxes on dividend.