**PRACTICE PAPER-3**

**ACCOUNTANCY**

**CLASS XII (2016-17)**

**TIME-3 HOURS M.M.80**

**Q1.** Alice and Michael entered into partnership on 1st April 2015. Alice was an active partner and at the end of the year he wanted a salary of ₹60,000 per month for the additional work he did .Michael did not agree to it. How would you resolve it within the ambit of Indian Partnership Act, 1932. **(1)**

**Q2.** Raymond and Rita are partners in a firm sharing profits in the ratio 5: 4.They admit Nihal for 1/10th share which he acquires in equal proportions from both. Find the new profit sharing ratio. **(1)**

**Q3.** As a director of a company, you had invited applications for 20,000 equity shares of ₹100 each at a premium of ₹ 10 each. The total application money received at ₹ 30 per share was 7,20,000. Name the kind of subscription. **(1)**

**Q4.** Will you pass any entry on dissolution of firm for the payment to creditors worth ₹ 7,000 if they accept stock of the same value? **(1)**

**Q5.** What is meant by issue of debentures as purchase consideration? **(1)**

**Q6.** Sarika and Naman are partners. They decided that no interest on drawings is to be charged to any partner but after one year, Naman wanted that interest on drawings should be charged for every partner. Sate how Naman can do this? **(1)**

**Q7.** Raymond limited took  over the Assets of Anand Limited of ₹ 4,00,000 and it also agreed to take over the liabilities of Anand Limited amount in ₹ 1,00,000 for purchase consideration of 2,60,000. The payment of anand limited was made by the Issue of 13% debentures of ₹ 100 each. Pass journal entries in the books of Raymond Limited. **(3)**

**Q8.** Akash and neeraj were partners in a firm sharing profits 3:2.  Their partnership was  dissolved on March 31, 2015. On dissolution, their capitals were ₹ 3,40,000 and ₹ 60,000 respectively. The firm owed ₹ 2,00,000 to Akash and Neeraj owed to the firm ₹ 40,000.On that date the creditors were ₹ 4,00,000. The assets  realised ₹ 9,00,000 exclusive of what was owed by Neeraj. Find the profit or loss on realisation. **(3)**

**Q9.** The directors of the company forfeited 600 shares of ₹10 each issued a premium of ₹ 3 per share for the non payment of first call money of ₹2 per share. The final call of ₹ 3 per share has not been made. Half the forfeited shares were reissued at ₹ 3000 fully paid. Record the journal entries for the forfeiture and reissue of shares.. **(3)**

**Q10.** Trivia limited was registered with an authorized capital of ₹ 6,00,000  divided into 60,000 equity shares of ₹ 10 each. The company offered to the public for subscription 60,000 equity shares. Applications for 57000 equity shares were received and allotment was made to all the applicants.All calls were made and were  fully received except the final call of ₹ 3 per share on 300  shares.  
Show the following   
1. Share Capital in the balance sheet of the company as per revised schedule of Companies Act,2013.  
2. Also prepare notes to accounts. **(3)**

**Q11.** Anand, Kishore and Raman were partners  in a firm . On 1-4- 2015 their capitals stood at  ₹1,50,000,  ₹75000 and ₹ 75000 respectively.  As per the provisions of partnership deed:  
1. Kishore was entitled for a salary of rs 15000 per annum.  
2.partners were entitled  to interest on Capital at 5% per annum.  
3. Profits were to be shared in the ratio of partners capital  
The net profit for the year 2015 -16 of ₹ 99,000 was divided equally without providing for the above terms. Pass an adjustment entry in journal to rectify the above error. **(4)**

**Q12.** Parul, Qatir and Raman were partners in a firm sharing profit in2:2:1 ratio. That partnership deed provided that on the death of a partner his executers will be entitled for the following:  
 1. Interest on Capitol @ 12 % pa  
2. Interest on drawings @ 15% pa  
3. Salary of ₹15,000 per month  
4. Share in the profit of the firm (up to the date of death) on the basis of previous years profit Parul died on 31- 5 -2016. Her capital was ₹ 1,20,000.  She had the withdrawn ₹ 20,000 and and interest on her drawings was calculated at ₹ 2000.  The profit of the firm for the previous year ended 31-3-2016 was ₹ 50,000.  
Prepare Parul capital account to be presented to her executor. **(4)**

**Q13.** Following is the Balance Sheet as on 31.03.2004 of Arun and Tarun sharing profit in ratio of 2:3.**(6)**

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | ₹ | Assets | ₹ |
| Creditors  General Reserve  Capital Accounts  Arun 8,000  Tarun 10,000 | 65,000  5,000  18,000  \_\_\_\_\_  88,000 | Cash  Stock  Debtors 18,000  Less:Probision for Doubtful Debt 1000  Plant  Investment  Profit and Loss Ac | 14,000  12,000  17,000  30,000  10,000  5,000  \_\_\_\_\_  88,000 |

**Q14.** Nonu, Monu and Tonu were partners in a firm sharing profits in the ratio of 1:2:3. Their balance sheet as on 31.3.2015 as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Amount | Assets | Amount |
| Creditors  Bills Payable  Reserve Fund  Capitals: Nonu  Monu  Tonu | 1,00,000  40,000  60,000  2,00,000  1,00,000  50,000  5,50,000 | Land  Building  Plant  Stock  Debtors  Bank | 1,00,000  1,00,000  2,00,000  80,000  60,000  10,000  5,50,000 |

All partners have decided that reconstitution of partnership is to be done with effect from 1.4.2015. For this it was agreed that:

1. Creditors of Rs. 12,000 were not likely to be claimed and hence be written off.
2. Goodwill of the firm be valued at Rs. 3,00,000.
3. Land be revalued at Rs. 1,60,000 and building be depreciated by 6%.

Prepare Revaluation A/c, Partners Capital Accounts and new Balance Sheet. **(6)**

**Q15.** Give journal entries in the following cases: **(6)**

**(a)** Nisant Limited converted 990; 13%Debentures of ₹100 each in to equity shares of ₹10 each, at a premium of 10% **(b)** Rakshit Electonics Ltd. Had a outstanding balance of₹ 10,00,000 12% Debentures of ₹ 100 each redeemable at a premium of 5%. According to the terms of redemption, the company redeemed these debentures by converting them into 9% preference shares of ₹ 100 each.

**Q16.** Mercury Ltd issued a prospectus inviting applications for 10,000 shares of ₹10 each at a premium of ₹2 per share payable as follows:

On application ₹3

On allotment ₹5 (including premium)

On first call ₹3

On final call ₹1

Applications were received for 16,000 shares. Pro rata allotment was made on applications for 12,000 shares and applications for 4,000 shares were rejected.

Mr. A, who had 200 shares, failed to pay the allotment money and on his failure to pay the first call also, his shares were forfeited.

Mr. B, the holder of 300 shares failed to pay the two calls and his shares were forfeited after the second call . Of the shares forfeited, 400 shares were sold to C credited as fully paid as ₹ 9 per share, the whole of Mr. A’s share being included. Pass necessary journal entries.

**OR**

Nancy Ltd Invited applications for issuing 70,000 Equity Shares of Rs 10 each.

The amount was payable as follows:

On Application =Rs 2

On Allotment =Rs 3

On First Call =Rs 2

On Second & Final call =Balance

The issue was over subscribed by 20,000 shares . The directors decided to make pro rata allotment to all the applicants. Ram to whom 100 shares were allotted, failed to pay the allotment money and his shares were forfeited immediately after allotment. Shyam who applied for 450 shares , failed to pay the first call. His shares were also forfeited after the first call. The second and final call was not made. All the forfeited shares were re-issued as Rs 9 per share fully paid up. Pass the necessary journal entries in the book of Nancy Ltd.

**(8)**

**Q17.** Sonam and Mamta are partners in a firm sharing profits in the ratio of 5:3. Their Balance Sheet as at 31.3.2015 stood as:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Amount | Assets | Amount |
| Capitals: Sonam  Mamta  General reserve  Bank Loan  Creditors | 1,40,000  1,20,000  40,000  36,000  1,44,000  4,80,000 | Machinery  Furniture  Investment  Stock  Debtors 76,000  Less: Prov. 8,000  Cash in hand | 1,32,000  60,000  80,000  92,000  68,000  48,000  4,80,000 |

On that date, they admitted Umang into partnership for 1/4th share in the profits on the following terms:

1. Umang brings capital proportionate to his share.
2. He brings ₹ 14,000 in cash as his share of goodwill.
3. All debtors are good.
4. Depreciate stock by 5% and Furniture by 10%.
5. An outstanding bill for repairs ₹ 2,000 will be brought in the books.
6. Partners have decided to share future profits in the ratio of 3:3:2.

Prepare necessary accounts and balance sheet of the new firm.

**OR**

The Balance Sheet of Nidhi, Tarun and Raman on 31.03.2007 was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | ₹ | Assets | ₹ |
| Creditors  Nidhi’s Capital  Tarun’s Capital  Raman’s Capital | 50,000  80,000  80,000  60,000  \_\_\_\_\_\_\_  2,70,000 | Profit and loss Account  Land and Buildings  Plant and Machinery  Motor Car  Debtors  Cash | 30,000  80,000  56,000  54,000  48,000  2,000  \_\_\_\_\_\_\_  2,70,000 |

The following terms were agreed upon for Nidhi’s retirenment:

1. Goodwill to be valued at ₹ 42,000 and not to be shown in the books, after Nidhi’s retirenment
2. Land and Buildings to be appreciated by ₹ 20,000.
3. Plant and Machinery to be reduced to ₹ 46,000.
4. Provision for doubtful debts to be cleared at 5% on debtors.
5. Create a provision of ₹ 1400 for discount on creaditors
6. The sum payable to Nidhi to be brought in by Tarun and Raman in such a manner that their capitals are in proportion to the profit sharing ratio.

Prepare revaluation account, Partner’s capital account and the Balance Sheet to give effect to the above. **(8)**

**Part B**

**FINANCIAL STATEMENT ANALYSIS**

**Q18.** **(a)** State why cash Flow Statement is not a substitute for income statement?

**(b)** What is meant by the term “Cash Flows”?

**(c)** Explain the importance of financial analysis to the creditors. **(3)**

**Q19.** Under which line item (major head) of the statement of Profit and Loss of a company will you show the following items: **(3)**

1. Dividend Received
2. Medical Expenses
3. Wages
4. Sale of Services
5. Interest paid on debentures
6. Interest Expenses

**Q20.** Fill up the missing figures: **(4)**

Comparative Statement of Profit and Loss

For the year ended 31st March, 2015 and 2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Note no. | 2014-15 | 2015-16 | Absolute  Change  (Increase or  Decrease) | Percentage  Change  (Increase or  Decrease) |
| 1 |  | 2 | 3 | 4 | 5 |
|  |  | A | B | B-A=C | C/Ax100=D |
| I.Revenue from operations  II. Less: Expenses:  Cost of material consumed  Other Expenses  Total Expenses  III. Profit Before Tax |  | 20,00,000  \_\_  2,00,000  \_\_  \_\_ | \_\_  15,00,000  \_\_  \_\_  \_\_ | 10,00,000  5,00,000  \_\_  \_\_  \_\_ | \_\_  \_\_  150  \_\_  \_\_ |

**Q21.**  Calculate current ratio from the following:

Total debt ₹ 750000 , Long Term Debt 500000 and Working Capital ₹ 350000. **(4)**

**Q22.**  Following is the Profit and Loss statement of Zed Ltd. For the year ended 31st Mar,2016:

|  |  |
| --- | --- |
| Particulars | ₹ |
| Revenue from operations  Add: Other income: Interest Received 11,000  Dividend Received 16,000  Total Revenue  Less: Expense:  Empoyee Benefit Expenses (Salaries) 85,000  Depreciation 62,000  Goodwill written off 25,000  Other expenses:  Rent 75,000  Office Expenses 86,000  Net Loss | 2,75,000  27,000  3,02,000  3,30,000  28,000 |

You are required to calculate cash from operating activities. **(6)**