

HALF YEARLY EXAM 2010-11

Class – XII

Subject – Accountancy

TIME ALLOWED :3 HOURS

MAXIMUM MARKS :80

GENERAL INSTRUCTIONS:-

- (i) This question paper contains two parts A,B and C.
- (ii) Part A is compulsory for all candidates.
- (iii) Candidates can attempt only one part of the remaining parts B and C.
- (iv) All parts of the questions should be attempted at one place.

Not for profit organisation, partnership firms and companies accounts

- Q1.** Show the accounting treatment of 'Legacy'. 1marks
- Q2.** Give any one difference between fixed and fluctuating capital account 1mark
- Q3.** Distinguish between general donations and specific donations. 1marks
- Q4.** State the circumstances when change in profit sharing ratio is needed. 1marks
- Q5.** Mention the amounts which are debited to Deceased Partner's Capital A/c. 1marks

Q6. Show how would you deal with the following items by preparing final account of non-profit organisation in respect of Sachin Cricket Club for the year ending on 31st December, 2009: 3marks

| Particulars | Rs. |
|---|----------|
| Tournament Fund as on 1 st January, 2009 | 1,80,000 |
| 12% Tournament Fund Investments as on 1 st January, 2009 | 1,80,000 |
| Contribution Collected for Tournament during the year 2009 | 90,000 |
| Expenditure incurred during the year 2009 on conducting Tournaments | 1,05,000 |
| Interest received on Tournament Fund Investments during the year 2009 | 15,600 |

Q7. How will you deal with the following in the income and expenditure account and balance sheet of shimla entertainment club for the year 2000 3 marks

- Subscription received during the year 2000 Rs 250000
- Subscription o/s on 31.12.1999 Rs 5000
- Subscription on o/s on 31.12.2000 Rs 10000

Subscription received in advance as on 31.12.1999 Rs 7000

Subscription received in advance as on 31.12.2000 Rs 22000

Q8. Pappu and Munna are partners In a firm sharing profits in the ratio of 3 : 2. The partnership deed provided that Pappu was to be paid salary of Rs. 2,500 per month and Munna was to get a commission of Rs. 10,000 per year. Interest on capital was to be allowed @ 5% per annum and interest on drawings was to be charged @ 6% per annum. Interest on Pappu's drawing was Rs. 1,250 and on Munna's drawings Rs. 425. Capital of the partners were Rs. 2,00,000 and respectively, and were fixed. The firm earned a profit of Rs. 90,575 for the year ended 31.3.2004.

Prepare Profit and Loss Appropriation Account of the firm.

3marks

Q9. P,R and S are in partnership sharing profits in the ration of 4:3:1 respectively. It is provided in the partnership deed that, on the death of any partner, his share of goodwill is to be valued at half of the profits credited to his account during the previous four completed years.

R dies on 1January,1997. The firm's profits for the last four years 1993: Rs. 120000, 1994: Rs 80000, 1995: Rs 10000, 1996: Rs 80000. Determine the amount that should be credited to R in respect of his share of goodwill and record journal entry for the same.

4 marks

Q10. A and B are partners sharing profits and losses in the ratio of 3:2 with capitals of Rs 600000 and Rs 300000 respectively. Show the distribution of profits in each of the following alternatives cases:

Case(i) If the partnership deed is silent as to the interest on capital and the profits for the year are Rs 150000.

Case (ii) If the partnership deed provides for interest on capital @8% P.a. and the losses for the year are Rs 50000.

4 marks

Q11. Anjali and Gayatri are partners in a firm sharing profit and losses equally. On 1st January, 2009 their capitals were Rs.2,50,000 and Rs.1,50,000. On 1st April, 2009 Gayatri introduced further capital of Rs.50,000 into the business. During the year ended on 31st December, 2009 they made a profit of Rs.2,60,000. **The terms of partnership deed provided the following:**

- Interest on capitals to be allowed @ 10% p.a.
- Interest on drawings to be charged @ 5% p.a. Drawing being Anjali – Rs.50,000 and Gayatri – Rs.40,000.
- 10% of the distributed profits to be transfer to General Reserve.
- Both partner entitled to a salary of Rs.4,000 per quarter.

Prepare Profit and Loss Appropriation Account for the year ended 31st December, 2009. 4 marks

Q12. Amar, Uday and Sagar were partners, sharing profits in the ratio of 5 : 3 : 2. Their Balance Sheet on 31.3.2009 was as follows:

| Liabilities | Rs. | Assets | Rs. |
|-----------------|-----|-------------------|--------|
| Capital Account | | Plant & Machinery | 72,000 |

| | | | |
|-------------------------|-----------------|-------------------------------------|-----------------|
| Amar | 60,000 | Furniture | 12,000 |
| Uday | 75,000 | Debtors | 46,000 |
| Sagar | 37,500 | Joint life Policy (surrender value) | 36,000 |
| Bank Overdraft | 39,000 | Bills Receivable | 29,000 |
| Mrs. Amar's Loan | 20,000 | Stock | 42,000 |
| Creditors | 38,000 | Loan to Sagar | 20,000 |
| Bills Payable | 18,500 | Investments | 25,000 |
| Profit and Loss Account | 10,000 | Cash in hand | 16,000 |
| | 2,98,000 | | 2,98,000 |

The firm was dissolved on 31st March, 2005 on the following terms:

- The Joint Life Policy is Surrender at book value.
- Investments are taken over by Uday at 10% discount.
- Other Assets are realised as follows: Plant and Machinery Rs.48,000; Debtors and Bills Receivable at 15% less; Furniture Rs.7,800 and Stock at 10% less.
- Creditors agreed to accept Rs.35,000 for full settlement.
- Expenses on realisation amounted to Rs.2,000.

Prepare Realisation Account, Partners Capital Account and Cash Account.

6marks

Q13. From the following receipts and payments account of a club and from the information supplied, prepare an income and expenditure account for the year ended 31st December,2003 and a balance sheet as on that date.

Receipts and Payments Account

| Receipts | Rs | Payments | Rs |
|--|--------------|---------------------|--------------|
| To balance b/d | 2300 | By salaries | 4500 |
| To subscriptions | 6000 | By office expenses | 1500 |
| To rent of the hall | 2000 | By sports Equipment | 1000 |
| To sale of grass | 200 | By machine | 2000 |
| To sale of old furniture [book value Rs200] | 100 | By 6% Investments | 1000 |
| | | By balance c/d | 600 |
| | 10600 | | 10600 |

Other information

Subscriptions received included Rs.1000 for 2002 and Rs 500 for 2004. Outstanding subscriptions for 2003 amounted to Rs 800. Sports equipment on hand on 31st December,2002 was of Rs.3000. The

value placed on this equipment on hand on 31st December,2003 was Rs.3100. The machine was purchased on 1st July,2003 and is to be depreciated at 20% per annum. Salaries Rs200 for 2003 are yet to be paid. Interest on investment is accrued of 6 months. On 1st January,2003 club owned land and building valued at Rs 1500 and furniture at Rs 600. 6marks

Q14.The following is the balance sheet of A and B on 31st December,2008:

| Liabilities | Rs | Assets | Rs |
|----------------------|-------|---------------------|-------|
| Sundry creditors | 30000 | Cash in hand | 500 |
| Bills payable | 8000 | Cash at bank | 8000 |
| Mrs. A loan | 5000 | Stock in trade | 5000 |
| Mrs. B loan | 10000 | Investment | 10000 |
| General reserve | 10000 | Debtors 20000 | |
| Salaries outstanding | 1000 | (-)prov 2000 | 18000 |
| A's capital | 10000 | Plant | 20000 |
| B's capital | 10000 | Building | 15000 |
| | | Goodwill | 4000 |
| | | Profit and loss a/c | 3500 |
| | 84000 | | 84000 |

The firm was dissolved on 31st December,2008 on the following terms:

6marks

- A promised to pay off Mrs. A 's loan and took away stock in trade at Rs 4000.
- B took away half the investment at 10% discount.
- Debtors realised Rs.19000.
- Creditors and bills payable were due on an average basis one month after 31st December, but they were paid immediately on 31st December, at a discount of 6% per annum.
- Plant realised Rs.25000, building Rs40000,goodwill Rs6000 and remaining investments at Rs 45000.
- There was an old typewriter in the firm which had been written off completely from the books of the firm. It was now estimated to realised Rs300. Ti was taken away by Bat this estimated price.
- Realisation expenses were Rs.1000.

You are required to give necessary ledger accounts to close the books of the firm

Q15. Jain and gupta were partners in a firm sharing profit and losses in the ratio of 4:3. The following is the balance sheet of the firm as on 31st December,1994

Balance sheet of jain and gupta ltd.

As on 31st December,1994

| Liabilities | Rs | Assets | Rs |
|------------------|--------|--------------------|--------|
| Sundry creditors | 20000 | Cash | 14800 |
| Bills payable | 3000 | Debtors 20500 | |
| Bank Overdraft | 17000 | Less:provision 300 | 20200 |
| Capitals: | | Stock | 20000 |
| Jain 70000 | | Plant | 40000 |
| Gupta 60000 | 130000 | Buildings | 75000 |
| | 170000 | | 170000 |

They agreed to admit Mishra as partner with effect from 1st January,1995 with 1/4th share in profits on the following terms:

1. Mishra will bring in capital to the extent of 1/4th of the total capital of the new firm after all adjustments have been made.
2. Building is to be appreciated by Rs. 14000 and plant to be depreciated by Rs 7000.
3. The provision on debtors is to be raised to Rs.1000.
4. The goodwill of the firm has been valued at Rs 21000.

Prepare the Revaluation Account, Partners' Capital Account and Balance sheet of the firm immediately after Mishra's admission. 8marks

Or

A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2 respectively. A died on 28th February, 2007. The balance sheet on that date was as follows:

| Liabilities | Rs | Assets | Rs |
|-----------------|-------|-----------|-------|
| Capital A/Cs | | Machinery | 35000 |
| A 12000 | | Furniture | 6000 |
| B 16000 | | Stock | 15000 |
| C 12000 | 40000 | Debtors | 15000 |
| General Reserve | 12000 | Cash | 3000 |
| Creditors | 22000 | | |
| | 74000 | | 74000 |

The firm had a joint Life Policy in the names of the partners, for insured value of Rs60000. The premium paid on the policy was debited to profit and loss account. The partnership deed provided that on the death of a partner the assets and liabilities are to be revalued. The assets and liabilities were revalued as follows on A's death.

1. Machinery Rs 45000 and Furniture Rs 7000
2. A provision of 10% was created for Doubtful Debts.
3. A provision of Rs. 15000 was made for Taxation.
4. The goodwill of the firm was valued at Rs 15000 on A's death.
5. Death claim for policy was realised in full.

The amount payable to A was transferred to his executor's account. You are required to prepare Revaluation Account, Capital Accounts of the Partners and the Balance sheet of B and C.

16. The Balance Sheet of A, B and C who are partners in a firm sharing profits and losses in proportion to their capitals stood as on 31st December, 2009 was as under:

| Liabilities | Rs. | Assets | Rs. |
|---------------------------|------------------------|--|------------------------|
| Capital Account: | | Goodwill | 20,000 |
| A | 80,000 | Land and Building | 1,20,000 |
| B | 60,000 | Plant and Machinery | 42,000 |
| C | 60,000 | Inventory | 47,800 |
| Trade Creditors | 40,000 | Debtors 45,000 | |
| Bills Payable | 25,000 | <i>Less:</i> Provision <u>2,800</u> | 42,200 |
| Reserve Fund | 30,000 | Bills Receivable | 26,000 |
| Workmen Compensation Fund | 10,000 | Typewriter | 7,000 |
| | <u>3,05,000</u> | | <u>3,05,000</u> |

B retires on the above date and the following adjustments were to be made:

- e. Plant and Machinery and Stock depreciated by 10% and Land and Buildings appreciated by 20%.
- f. Provision for legal charges to be made at Rs.3,320.
- g. Provision for doubtful debts to be raised to 10% on debtors
- h. Goodwill of the firm is fixed at Rs.60,000 at the time of retirement of B.
- i. B will be paid Rs.15,000 in cash and balance will be transferred to his Loan Account.
- j. The capitals of the new firm to be fixed at Rs.2,40,000. A and C decided to keep new capitals in their new profit sharing ratio which is 2 : 1. **Adjustment will be made by opening current account.**

Prepare Revaluation Account, Partners Capital Account and Balance Sheet after retirement of B. (8)

OR

X, Y and Z were in partnership sharing profits and losses equally. X died on 31st October, 2009. The Balance Sheet of the firm as at 31st March, 2009 was as under:

| Liabilities | (Rs) | Assets | (Rs) |
|------------------------------|-----------------|--------------------|-----------------|
| Sundry Creditors | 31,200 | Cash at Bank | 8,000 |
| General Reserve | 12,000 | Debtors | 36,000 |
| Investment Fluctuation Fund | 4,100 | Inventory | 56,000 |
| Provision for Doubtful Debts | 3,700 | Investments (Cost) | 16,000 |
| Capital Accounts: | | Freehold Property | 60,000 |
| X | 60,000 | Goodwill | 27,000 |
| Y | 50,000 | | |
| Z | 42,000 | | |
| | 2,03,000 | | 2,03,000 |

On the date of death it was found that:

- Freehold Property was worth Rs.80,000.
- Debtors were all good.
- Stock were valued at Rs.48,000
- Investments were valued at Rs.15,000 and were taken over by Y at that value.
- A liability for Workmen's Compensation for Rs.4,000 was to be provided for.
- Goodwill was to be valued at 2 years purchase of average profits of last 5 years.
- X's share of profit upto the date of death was to be calculated on the basis of last three year's average profit.
- The profits of the last five years were as follows: 2004-05 - Rs.21,000; 2005-06 - Rs.27,000; 2006-07 - Rs.23,000; 2007-08 - Rs.22,000 and 2008-09 - Rs.27,000.

Prepare Revaluation Account, Partners Capital Account and Balance Sheet of the remaining partners. (8)

PART-B

Analysis of Financial analysis

Q17 Give any one important features of financial analysis.

1mark

Q18 Give any one advantage of CFS.

1marks

Q19 State the effects of changes in current assets and current liabilities on cash from operating activities. 1marks

Q20 From the following Balance sheet of Arihant Textile Ltd; prepare a Comparative Balance Sheet and comment upon the changes 3 marks

Balance sheet

As on 31st march,2007 and 2008

| Liabilities | 2007 | 2008 | Assets | 2007 | 2008 |
|---------------------|---------|---------|-----------------|---------|---------|
| Current liabilities | 200000 | 400000 | Fixed Assets | 1200000 | 1800000 |
| Reserves | 300000 | 200000 | (-) Accumulated | | |
| 12% loan | 500000 | 800000 | Depreciation | 200000 | 300000 |
| Share capital | 500000 | 1000000 | Current assets | 1000000 | 1500000 |
| | | | | 500000 | 900000 |
| | 1500000 | 2400000 | | 1500000 | 2400000 |

Q21 Calculate the following ratios from the details given below: 4 marks

- (i) Current ratio
- (ii) Liquid ratio
- (iii) Operating ratio
- (iv) Gross profit ratio

Details:

Current assets = Rs 70000

sales =Rs 140000

Net working capital= Rs 30000

cost of goods sold= Rs 68000

Inventories = Rs 30000

Q22 From the following information, calculate (a) cost of goods sold, (b) opening stock and closing stock, (c) quick assets and current assets,if

- i) Stock turnover raio 5 times
- ii) Stock at the end is Rs 10000 more than the stock in the beginning.
- iii) Sales Rs 300000
- iv) Gross profit ratio 25%
- v) Current liabilities Rs 40000
- vi) Quick ratio 0.75

4 marks

Q23 From the following particulars, prepare CFS

6marks

| Liabilities | 2005 | 2004 | Assets | 2005 | 2004 |
|-------------------------|-------|-------|------------------|-------|-------|
| Equity share capital | 80000 | 80000 | Fixed Assets | 80000 | 82000 |
| 12% pref. Share capital | 20000 | ----- | Less:- acc. | | |
| Genral reserve | 4000 | 4000 | Depreciation | 30000 | 22000 |
| Profit and loss A/C | 2400 | 2000 | | 50000 | 60000 |
| 15% debentues | 14000 | 12000 | Debtors | 48000 | 40000 |
| Creditors | 22000 | 24000 | Stock | 70000 | 60000 |
| Provision for taxation | 8400 | 6000 | Prepaid expenses | 1000 | 600 |

| | | | | | |
|-------------------|--------|--------|------|--------|--------|
| Proposed dividend | 11600 | 10000 | Cash | 7000 | 2400 |
| Bank overdraft | 13600 | 25000 | | | |
| | 176000 | 163000 | | 176000 | 163000 |

Additional Information:

- a) Tax paid Rs7000
- b) Fixed assets sold for Rs. 10000, their cost Rs.20000 and accumulated depreciation till date of sale on them Rs6000
- c) Dividend paid during the year Rs.9000.

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