

**Guess Paper – 2014**  
**Class – XII**  
**Subject –Accountancy**

Time allowed: 3hrs

MM 80

**General Instructions:**

1. All the questions are compulsory.

Marks are indicated against each question

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Q1. A,B and C are partners sharing profits in the ratio of 3:2:1. on 1st April 2010, they decided to share profits equally. Name the partners who is gaining on Consequence of such change.(1)

Q2. Would a "Charitable dispensary" run by 6 members be deemed a partnership firm? Give reason in support of your Answer (1)

Q3. Unless given otherwise, what will be the gaining ratio in case of retirement of a partner? (1)

Q4. If a loan from X, a partner of Rs. 11,000 appears on the liabilities side of the Balance Sheet of the firm and the X's Capital Account has a debit Balance of Rs. 1,000. What journal entry will you pass on payment of such a loan. (1)

Q5. State any two conditions for issue of shares at Discount (1)

Q6. What is reserve Capital? (1)

Q7. A Ltd. Issue on 1-4-2011, 8000, 12% Debentures of Rs. 100 each at a Premium of 10% what will be the total interest for the year ended 31-3-12? (1)

(Ans:- Rs. 80000)

Q8. A,B and C are partners, they have omitted interest on Capital @ 10% p.a. for three years ended 31 Dec 2010 their fixed capital on which interest was to be calculated throughout were A Rs. 10000; B Rs. 8000, and C Rs. 7000 their profit sharing ratio were 2008 – 1:2:2; 2009-5:3:2;2010 – 4:5:1 Given the necessary journal entry. (3)

(Ans : Y's current A/c Rs. 600 (Dr.) and X's Current A/c – Rs. 250 (Dr), Z's Current A/c Rs. 350 (Dr.)

Q9. On 1st April, 2007, a limited company issued 5000, 12% Debenture of Rs. 100 each at per repayable at 5% Premium. Holder of these debentures have an option to convert their debentures into equity shares of Rs. 100 each at a Premium of Rs. 20 per share within three years.

At the end of the third year, interest for one year had accrued and remained unpaid on that date. A debenture holder of 400 debentures notified his intention to convert his debentures into equity shares.

Make necessary journal entries to record the issue of debentures on 1st April 2007 and conversion of debentures on March 31, 2010. (3)

Q10. Pass necessary journal entries for issue of debentures for the following:

- 5000, 12% Debenture of Rs. 100 each at Premium of 10% redeemable at Par after 5 years.
- 10000, 12% Debenture of Rs. 100 each at a Discount of 5% redeemable at a Premium of 5% after 5 years. (3)

Q11. A,B and C are partners sharing profits in the ratio of 2:2:1. Their Balance Sheet as at Mar 31, 2010 as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
S. Creditors	49000	Cash	8000
Reserve	14500	Debtors	19000
Capital A	80000	Stock	42000
B	62500	Machinery	85000
C	75000	Building	122000
Employee Provident fund	4000	Patents	9000
	<b>285000</b>		<b>285000</b>

As B got a very good break at MNC so he decided to retire on that date and it was decided that A & C would share the profits in the ratio of 5:3 Goodwill was valued at Rs. 70,000. Machinery at Rs. 78000. Building at Rs. 152000. Stock at Rs. 30000 and Bad debts amounting to Rs. 1550 be written off. Pass journal enteries for the above transactions on B; retirement.

(4)

(Ans :- Profit on Revaluation Rs. 9450)

Q12. X Ltd. took over the fixed assets of Rs. 300000 and Current liabilities of Rs. 10,000 of Y Ltd, for an agreed purchase consideration of Rs. 270000 to be satisfied by the issue of 2250, shares of Rs. 100 each Record necessary journal enteries in the books of X Ltd. (4)

(Ans. Capital reserve Rs. 20000, Sec. premium reserve Rs. 45000)

Q13. A Ltd. had an authorized Capital of Rs. 300000 divided into equity shares of Rs. 10 each the company offered for subscription Rs. 200000 shares. The issue was fully subscribed the amount payable on Application was Rs. 2 per share Rs. 4 per share were payable each on allotment and 1st and final call. A share holder holding 200 shares failed to pay the allotment money. His share were forfeited. The company did not make the final call. Show how the "share Capital" will be shown in the company's Balance Sheet. Also prepare notes to Accounts for the same.(4)

14. A and B are partners in a firm sharing profit and losses in the ratio of 2:3 their balance sheet as on Mar 31, 2010 was as follows :

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Bank overdraft	15,000	Cash	2,000
Employee provident fund	3,000	Debtors            38,000	
		Less provision    2,000	36,000
Creditors	10,000	Stock	15,000
Investment fluctuation fund	9,000	Investment (Market value Rs. 56,000)	60,000
Workman compensation fund	1,000	Furniture and fixture	15,000
Capital		Machinery	40,000

A	80,000	Building	65,000
B	1,20,000	Advertisement suspense A/c	5,000
	2,38,000		2,38,000

On 1st April 2010 they admitted C for 1/5 share in profit which he acquired wholly from B the other terms of agreement were as follows :

- Goodwill of the firm was to be valued at two years purchase of the average of the last three years' profits. The profit for the last three years were 2007-08 Rs. 55000, 2008-2009 Rs. 65000 and 2009-10 Rs. 60000.
- C was to bring in Rs. 60000 as his capital and the necessary amount for this share of Goodwill.
- provision for doubtful debts was found in excess by Rs. 500.
- Investment were valued at their market value.
- Furniture and fixture were valued at Rs. 12000.
- Rs. 3000 for damages claimed by customer had been disputed by the firm. It was agreed at Rs. 1500 by a compromise between the customer and the firm.
- Building were found undervalued by Rs. 16000 and Machinery overvalued by Rs. 500.
- Capital of A & B were to be adjusted in the new profit sharing ratio by bringing in or withdrawal of the necessary amount in cash.

Prepare Revaluation Account, the Capital Accounts of the partners and the opening Balance sheet of the New firm. Ans : Profit on Revaluation

Rs. 11500, Total of B/s Rs. 3,29,500)

Or

A,B and C are in partnership sharing profit in the ratio of 5:3:2 the Balance Sheet of the firm as on 31<sup>st</sup> March 2011 was as follows : (7)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital A/c		Bills receivable	15000
A      40000		Machinery	82000
B      61000		Furniture	4000
C      24000	125000	S, Debtors      70000	
Reserve	40000	Less/nomium      3000	67000
S, Creditors	50000	Stock	20000
P/C A/c	28000	Cash at Bank	50000
Bills payable	5000	Advertisement suspense A/c	10000
	248000		248000

On 1st April 2011, B retire and A and B continued in partnership sharing profits and losses in the ratio of 3:2. It was agreed that following adjustments were to be made on the retirement of B.

- The Machinery was to be revalued at Rs. 85000.
- The stock was to be reduced by Rs. 1000.

- The furniture was to be reduced to Rs. 1600.
- The provision of Rs. 800 was to be made to outstanding expenses.
- The provision for doubtful debts would be 6%
- A liability on account of damages of Rs. 7000 included in creditors is settled at Rs. 12000.

The partnership agreement provides that in case of retirement of a partner goodwill was to be valued at three years purchase of a average profits which are 10000.

B was paid in full, A and C were to deposit such an amount in bank so as to make their capitals proportionate to the New profit showing ratio subject to the condition that a Bank Balance of Rs. 40000 was to be maintained as working capital.

Prepare Revaluation Account, the Partners Capital A/c as on April 01, 2011 and also the Balance sheet after retirement. (8)

(Ans: Loss on Revaluation Rs. 7400, Total of B/s Rs. 2,26,400)

Q15. Give the necessary journal enteries to record the following :

- The Book value of assets (other than cash and Bank) transferred to Realization Account was Rs. 100000. 50 percent of the assets were taken over by a Partner "A" at a discount of 20 percent 40% of the remaining were sold off at a Profit of 30% on cost and 5% of the Balance being obsolete realised nothing and remaining were handed over to a creditor in full settlement.
- The Amount of Liabilities transferred to Realisation A/c was Rs. 100000, 50% of the Liabilities were paid out at a discount of 10%. 40% of the remaining were undertaken by a partner "B" to pay. Remaining creditors accepted the stock at an agreed value of Rs. 28500 and cash Rs. 1000 in full settlement.

- There was one unrecorded assets estimated at Rs. 3000 half of which was handed over to an unrecorded liability of Rs. 5000 in settlement of a claim of Rs. 2500 and remaining half was sold in the market at a discount of Rs. 200.

(2×3=6)

Q16. X, Y and Z were partners sharing profits in the ratio of 3:1:1. The Balance sheet of the firm is given below as at March 31, 2009.

Capitals		Land	280000
X	603300	Building	340000
Y	412800	Plant & Machinery	248000
Z	201900	Furniture & filling	48000
General reserve	10000	Stock	109000
S. Creditors	62000	S. Debtors	132000
		Cash in hand	133000
	<b>1290000</b>		<b>1290000</b>



Partnership deed provides for the statement of claim on death of a partner in addition to his capital as under :

- The share of deceased partner to be computed on the Basis of average profit of the Past three years for the period from the last Balance Sheet to date of death of the partner.

(ii) His share in profit/loss on revaluation of assets & reassessment of Liabilities.

- His share of Goodwill valued on the Basis of two years' purchase of last three years average profits Y died on June 01, and the following information is provided.
- Profits for the last three years were Rs. 80000, Rs. 130000 and Rs. 150000.
- The assets were revalued as Land Rs. 380000 Plant & Machinery Rs. 180000.
- Y withdraw Rs. 10000 during the Current financial year
- Rs. 100000 was paid immediately on Y's death to his executor and the Balance amount was to be paid later. Pass the journal entries to give affect to the transactions relating to death of y in the books of the firm.

Ans:- Q's share of profit Rs. 4000, Goodwill Rs. 48000

Q's Executor's A/c 463200

Q17:- A ltd issued 60000 shares of Rs. 10 each at a Premium of 20% payable as follows:-

On application Rs. 5 (including Premium) ; on Allotment Rs. 3; and on 1st & final call Rs. 4.

The company received application for 75000 shares and allotment was made as follows :-

List I Applicant for 40,000 shares were allotted in full.

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List II Applicant for 25,000 shares were allotted 20,000 shares.

List III Applicant for 10,000 shares were allotted Nil shares.

A shareholder to whom 200 shares were allotted under list I paid full allotment due on shares alongwith allotment money. Another shareholder holding 600 shares failed to pay the amount due on call. His shares were forfeited and 500 of these shares were subsequently re-issued as fully paid @ Rs. 11 per share.

- Which value has been affected by the rejection of application of List III applicant? Suggest a better alternative for the same.
- Pass the journal entries in the books of a Ltd. to record the above transactions.

OR

GMR Ltd issued prospectus inviting applications for 20000 shares of Rs. 10 each at Premium of Rs. 2 per share payable as follows : on Application Rs. 2, on Allotment Rs. 5 (including premium). On 1st call Rs. 3, on second & final call Rs. 2. Applications were received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. It was decided to utilize excess Application money towards the amount due on allotment. Ramesh to whom 400 shares were allotted failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited.

Mohan who applied for 720 shares, failed to pay the two calls and on his such failure, his shares were forfeited of the shares forfeited 800 shares were sold to Krishna credited as fully paid for Rs. 11 per share, the whole of Mohan's shares being included.

- Which value has been affected by rejecting the applications who had applied for 6000 shares? Suggest a better alternative for the same.

- Give journal entries to record the above transactions (including cash transaction) in the books of the company. (8)

Q18. After pursuing their MBA Degree A suggested his classmate B to form a Partnership for selling stationery and Books at a reasonable profit to the students of low income group. The proposal has been accepted by B. 'B' then requested to admit his friend C, a physically challenged person also to be a member (partner) of the firm so formed. All of them agree to form a partnership but they were unable to provide sufficient funds. A therefore persuaded a rich friend of his, D, who came from Delhi to be a partner and contribute the required Capital. All of them formed a partnership on the following terms ;

- A will contribute Rs. 2,00,000; B Rs. 1,00,000; D Rs. 20,00,000 and 'C' will be partner without capital.
- Profit will be shared equally.
- Interest on capital will be allowed @ 5% p.a. The profit of the firm for the year ended 31<sup>st</sup> March, 2012 were Rs. 3,00,000.
- Identify any four values which accordingly to you motivated them to form the partnership firm.
- Prepare profit & loss appropriation Account of the firm for the year ended 31<sup>st</sup> March, 2012.

### **Part-B**

Q19. A company has a very high current ratio i.e. 5:1. The company is interested to keep the current ratio at 2:1. suggest any two ways in which current ratio can be brought down to its ideal ratio, i.e. 2:1.

Q20. Where will you show purchase of Goodwill in a cash flow statement?

Q21. Dividing paid by a Trading on Company is classified under which kind of activity while preparing cash flow statement. (1)

Q22. List the items which are shown under the heading "Non Current assets" in the Balance Sheet of a company as per provisions of schedule VI of the companies Act 1956. (3)

Q23. Prepare a comparative statement of profit & loss with help of following information.

Particulars	2010	2011
Revenue from operation	120% of cost of Goods sold	150% of cost of goods sold
Cost of Goods sold	Rs. 10,00,000	Rs. 20,00,000
Indirect expenses	10% of Gross profit	20% of Gross profit
Income Tax	40%	40%

Q24. Calculate opening and closing stock from the following information :

Total sales Rs. 60000; Gross Profit  $33\frac{1}{3}\%$  on cost; stock turnover Ratio = 5 times.

Closing stock is Rs. 12000 more than the opening stock (4)

Q25. From the following particulars, prepare cash flow statement.

<u>Particulars</u>	Note s No.	31-03-2012	31-03-2011
<b><u>1. Equity and Liabilities</u></b>			

1. Shareholder funds			
(a) Share capital	1	4,50,000	5,00,000
(b) Reserve & surplus		2,70,000	1,10,000
<b><u>2. Non Current Liabilities</u></b>			
long term borrowings : 10% Debentures		2,00,000	1,00,000
<b><u>3. Current Liabilities</u> : Trade payable</b>		1,45,000	70,000
		10,65,000	7,80,000
<b><u>II. Assets</u></b>			
<b><u>1. Non-current Assets</u></b>			
(a) fixed assets (Net)	2	6,20,000	5,10,000
(b) 10% Non-Current investment		80,000	30,000
<b><u>2. Current Assets</u></b>			
(a) Inventories		90,000	1,00,000
		<b><u>31-03-2012</u></b>	<b><u>31-03-2011</u></b>
(b) Trade receivable(All good)		2,10,000	1,00,000
Less provisions for D/D		15,000	10,000
		1,95,000	90,000
(c) Cash and cash Equivalentents		80,000	45,000
(d) Other current assets – Discount on issue of debentures		-	5,000

		10,65,000	7,80,000
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Notes :-

**1. Share Capital**

<b>Particular</b>	<b>31-03-2011</b>	<b>31-03-2012</b>
Equity Share Capital	3,50,000	3,00,000
12% pref. share Capital	1,00,000	2,00,000
Total	4,50,000	5,00,000

**2. Fixed assets (Net)**

<b><u>Particular</u></b>	<b>31-03-2011</b>	<b>31-03-2012</b>
Cost of fixed assets	8,10,000	6,60,000
Less Accumulated depreciation	1,90,000	1,50,000
Total	6,20,000	5,10,000

**Additional Information :-**

- Machinery Cost Rs. 70,000 (B.V. Rs. 40,000) was disposed off for Rs. 25,000.
  - Preference shares were redeemed on 31<sup>st</sup> March, 2012 at a premium of 5%
  - An Interim Dividend @ 15% was paid on equity shares. /pref. dividend was also paid on 31<sup>st</sup> Mar, 2012.
  - New shares and debentures were issued on 31 March, 2012 (6)
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Compiled by: Ravinder Sharma

4, Mecleod Road, Rani Ka Bagh, Amritsar.

*M.9872021022*