

Sample Paper – 2014
Class – XII
Subject – Accountancy

Maximum Marks : 80

Roll No.

Code 55D

General instructions :-

- i. This question paper contains two parts A and B. Check your question paper.
- ii. All questions are compulsory.
- iii. Working notes must be part of your answer (where require).
- iv. Avoid overwriting and cutting.
- v. Write your roll no. on the question paper.
- vi. Don't leave blank page/pages in between your answers.

Part – A

1. Jessi and Messi are partners in a firm. Jessi's drawings during the half year ended are Rs.1,00,000. Calculate interest on Jessi's drawings if interest on drawings is charged @12% p.a. **1**
2. Ashmit, Navmit and Rehmit were partners sharing profits and losses in 3 : 2 : 1 ratio. Ashmit retired and her balance is transferred to her Loan Account. Capital balances of Navmit and Rehmit after all adjustments on retirement of Ashmit were Rs.1,60,000 and Rs.1,40,000 respectively. The capital of new firm is fixed at Rs.2,88,000 which should be in new profit sharing ratio of Navmit and Rehmit which is 5 : 4 respectively. Calculate excess or deficit in Navmit's Capital balance. **1**
3. What journal entry is to be passed if Rashmi's Loan (a partner) of Rs.10,000 is settled by paying Rs.9,000 on dissolution of a partnership firm. **1**
4. Pass a journal entry on reconstitution of a partnership firm for revaluation of building (book value – Rs.60,000) if building is under-valued by 20%. **1**
5. **One of the following statements is false, rewrite that statement correctly:** **1**
(A) When debentures are issued in addition to primary security against a loan then it is known as issue of Debentures as collateral securities.
(B) Debenture Suspense A/c is debited and Debentures A/c is credited for shares issued as collateral

security.

- (C) Goodwill A/c or Incorporation Cost A/c is debited for shares issued to promoters for their services or for providing know-how or any intellectual property rights.
- (B) While forfeiting shares which were issued at a premium, Securities premium Reserve A/c is debited/Cancelled only if premium has become due and not received.

6. Modi Ltd. has outstanding 50,000, 11% Debentures of Rs.100 each due for redemption (50% by conversion and 50% out of profit) at a premium of 10%. Company has already credited Debenture Redemption Reserve of Rs.17,50,000 by debiting Surplus in Statement of Profit & Loss. Pass a journal entry to create remaining Debenture Redemption Reserve before redemption out of Profits. **1**
7. Suraj Ltd. called allotment money (3 months before 1st & Final Call) of Rs. 2,40,000 on its 80,000 shares issued to public. Shami who was allotted 1,000 shares pay 1st & Final Call of Rs.4 per share along with allotment. Company pays interest on calls in advance as per table A. Calculate interest to be paid by company on calls in advance. **1**

8. *Ranjana presents the following Profit and Loss Appropriation Account to her partner Arvind :

Dr. **PROFIT AND LOSS APPROPRIATION ACCOUNT** Cr.

Particulars	Rs.	Particulars	Rs.
To Salary to Ranjana	11,000	By Profit & Loss A/c (profit for the year)	65,000
To Int. on Capital @ 6%p.a. : Ranjana on Rs.2,00,000 - 12,000 Arvind on Rs.50,000 - <u>3,000</u>	15,000	By Int. on Drawings : Ranjana Rs. 500 Arvind <u>Rs. 500</u>	1,000
To Current Accounts : (Profit transferred) Ranjana 30,000 Arvind <u>10,000</u>	40,000		
	<u>66,000</u>		<u>66,000</u>

There is no partnership deed between Ranjana and Arvind. Arvind comes to you and asks to **pass an adjustment entry** without effecting the books of accounts to rectify errors which are committed by Ranjana in preparing the books of Accounts. **Show your workings clearly.** **3**

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

- (i) Chanda Ltd. issued 1,850, 12% Debentures of Rs.100 each at a discount of 10%, redeemable at a premium of 10 %.
- (ii) Shikha Limited issued 1,000, 9% Debentures of Rs.500 each at a premium of Rs.10 per

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Debenture, redeemable at a premium of 10%. 3

10. Pass the necessary journal entries for the following : 3

- (i) Interest on Debentures (Rs.20,000) on which tax of 10% is to be deducted at source.
- (ii) Redemption of 40,000 15% Debentures of Rs.100 each at a premium of 12.5% by conversion into 12% Debentures of Rs.500 each issued at a discount of 10%.

11. Bhave Ltd. purchased Assets of Rs.5,00,000 and liabilities of Rs.42,000 from Rajan Ltd. for the purchase consideration of Rs.6,60,000. Bhave Ltd. paid Rs.1,00,000 immediately by cheque and for half of the balance Bhave Ltd. issued 10% Preference Shares of Rs.2,50,000 and for the remaining balance company issued Equity shares of the face value of Rs.3,10,000.

Pass necessary journal entries for the above transactions in the books of Bhave Ltd. 4

12. Neeta, Geeta and Seeta are partners sharing profits and losses in the ratio of 3 : 2 : 2. They decided to share future profits and losses in the ratio of 2 : 2 : 3. They also decided to record the effect of the following without affecting their book values :

General Reserve – Rs.30,000 : Profit & Loss A/c (Dr.) – Rs.5,000.

They also want to make the adjustment for goodwill which is valued at Rs.10,000.

Pass a single journal entry for the adjustment of above item on reconstitution of partnership firm. 4

13. (i) What do you mean by employee stock option scheme.
- (ii) Provogue Ltd. forfeited 200 shares of Rs.10 each, Rs.8 called up on which the shareholder had paid Application and Allotment money of Rs.5 per share. Out of these, 100 shares were re-issued to Dhoni as Rs.8 per share called up & paid up for Rs. 3 per share. Pass necessary journal entries for forfeiture and re-issue of shares. 2 + 2

14. A, B and C were partners sharing profits in the ratio of 5 : 3 : 2. Their assets and liabilities as on 31st March 2012 were as follows:

Assets: Cash : Rs.16,000 ; Debtors : Rs.16,000 and other assets were Rs.2,34,000.

Liabilities: Creditors: Rs.20,000; Employees' Compensation Fund: Rs.26,000;
A's Capital: Rs.1,00,000 B's Capital: Rs.70,000 and C's Capital: Rs.50,000.

C died on the above date and total amount due to him was calculated Rs.90,000 after all necessary

adjustments. Entire balance due to C is transferred to C's Executor's Loan A/c on 1st April, 2012. Rs.10,000 are paid to C's Executors as down payment and remaining balance is paid in 4 equal half yearly instalments together with interest @ 12% p.a. starting from 30th September, 2012.

Prepare C's Executor's Loan A/c till the final payment.

4

- *15.** Kavya and Siya decided to start a new business for (75 items) most demanded daily consumable goods. Considering the problem of high inflation they decided to give a special discount of 5% on 49 items. This special discount is available to all their regular customers who have a card issued by their firm. Before starting the partnership business Kavya held a meeting with Siya for management of business. They feel that there will be problem to manage the business and require a person who could monitor and help in controlling the business by sitting in office and observing the CCTVs of the firm. Siya recommended that they should take their differently abled friend Rihana Khan (Physically handicapped) as a third partner. They proposed Rihana Khan to be a partner with them in their business. Rihana Khan told them that she would not be able to bring any capital. Kavya and Siya still agreed to make her as a partner and for equal share in profits. The firm will also pay Rs.10,000 per month as a salary to Rihana Khan but nothing to other partners however they are also active partners. Their firm was started on 1/04/2012 and profit earned during the year ended 31/03/2013 was Rs.7,20,000.

(a) *Identify any four values that were kept in mind by Kavya & Siya in admitting Rihana Khan and values shown in formation of the firm.

4

(B) Also prepare the Profit and Loss Appropriation Account of the firm for the year ended 31st March, 2013.

2

- 16.** K and W share profits and losses in the ratio of 7:3. They have decided to dissolve the firm. Assets and external liabilities have been transferred to Realisation A/c. **Pass the journal entries** for the following:
- An outstanding repairs bill of Rs.5,200 not recorded in the books settled at Rs.5,000.
 - Half of bank Loan of Rs. 10,000 paid back and balance to be paid by W .
 - Goodwill of firm sold to Mr. K's son for Rs.25,000.
 - Rs.8,000 for realisation expenses to be paid by firm were paid by K.
 - Furniture of the book value of Rs.20,000 sold to Narayana Murti at 60%.
 - A machinery fully written off from the books auctioned for Rs.8,000 and expenses on auction were 5% of sale value.

6

- 17.** R.K. Ltd. invited applications for issuing 70,000 Equity shares of Rs.10 each at a premium of Rs.35 per share. The amount was payable as follows :

On Application Rs.15 (including Rs.12 premium)

On Allotment Rs.10 (including Rs.8 premium)

Balance on First and Final Call

Applications for 65,000 shares were received and allotment was made to all the applicants. A shareholder, Ram, who applied for 2,000 shares, failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards, the first and final call was made. Sohan, who was allotted 3,000 shares, failed to pay the first and final call. His shares were forfeited. Out of the forfeited shares, 4,000 shares were re-issued at Rs.50 per share fully paid up. The re-issued shares included all the shares of Ram.

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

8

OR

On 1st April, 2012 Shoppers' Shopping Ltd. was formed with an authorised capital of Rs.5,00,00,000 divided into 50,00,000 Equity shares of Rs.10 each. The company issued prospectus inviting applications for 20,00,000 Equity shares at par. The whole amount of issue was called on application. The issue was 50% over-subscribed and company allotted shares on pro-rata basis to each applicant.

In addition to the public issue company also issued 1,00,000 equity shares at par to vendors for consideration of building purchased from them of Rs.10,00,000.

Pass necessary journal entry for issue of shares to public, purchase of building and consideration paid to vendors. You are also required to show the share capital in the Balance Sheet of the company as per Schedule-VI and prepare 'notes to accounts'

8

18. Atal and Madan were partners in a firm sharing profits in the ratio of 5 : 3. On 31st March, 2013 they admitted Mehra as a new partner for 1/5th share in the profits. The new profit sharing ratio was 5 : 3 : 2. On Mehra's admission the balance sheet of the firm was as follows :

Capital & Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Capitals: Rs.		Land and Building -----	1,50,000
Atal: 2,50,000		Machinery -----	40,000
Madan: <u>90,000</u>	2,40,000	Patents -----	5,000
Provision for bad debts -----	1,200	Stock -----	27,000
Creditors -----	20,000	Debtors -----	47,000
Workmen Compensation Fund ---	32,000	Bank -----	4,200
		Profit and Loss Account -----	10,000
		Goodwill -----	10,000
	<u>2,93,200</u>		<u>2,93,200</u>

On Mehra admission it was agreed that :

- (i) Mehra will bring Rs.40,000 as his capital and Rs.16,000 for his share of premium for goodwill, half of which is withdrawn by Sacrificing partners;
- (ii) A provision of 2.5% for bad debts was to be created;
- (iii) Rs.2,500 included in creditors will not be claimed;
- (iv) A claim of Rs.325 for damages against the firm was likely to be admitted. Provision for the same was to be made.

After the above adjustments, the capitals of Atal and Madan were to be adjusted on the basis of Mehra's Capital. Actual cash was to be brought in or to be paid off to Atal and Madan as the case may be.

Prepare Revaluation Account, Capital Accounts of the partners and the Balance Sheet of the new firm.

8

OR

M, N and O were partners in a firm sharing profits and losses equally. Their balance sheet on 31st December 2012 was as follows :

Capital & Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Capitals: Rs.		Land and Building -----	20,000
M: 40,000		Stock -----	30,000
N: 40,000		S. Debtors -----	30,000
O: <u>40,000</u>	1,20,000	Bank -----	90,000
General Reserve -----	30,000	Cash in Hand -----	90,000
Profit & Loss (100% for 2012) ----	90,000		
Creditors -----	20,000		
	<u>2,60,000</u>		<u>2,60,000</u>

N retired on 14th March 2013 and according to the partnership deed, retired partner is entitled to :

- (i) Balance of partner's capital Account.
- (ii) Interest on opening capital @ 5% p.a. after distribution of profits for 2012.
- (iii) Share of goodwill calculated on the basis of twice the average of past three years' profits and
- (iv) Share of profits from the closure of the last accounting year till the date of death on the basis of twice the average of three completed years' profits before N's retirement.

Profits for 2009, 2010 and 2011 were Rs.60,000, Rs.80,000 and Rs.1,00,000 respectively.

Pass the necessary journal entries and prepare partners' capital accounts. Also show the workings for N's share of goodwill and profits till the date of his retirement.

8

Part – B

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19. Explain 'Effect of Window Dressing' as a limitation of analysis of Financial Statement? **1**
20. Where (In which activity) will you show expenses paid in installing a fixed Assets while preparing Cash Flow Statement? **1**
21. State whether Sale of fixed assets(book value Rs.20,000) at a loss of Rs.15,000 will result inflow, outflow or no flow of cash & cash equivalent. **1**
22. Write **two items for each of the following sub-heads** of the Balance Sheet of a Company :
 (i) Other Current Assets (ii) Intangible Fixed Assets (iii) Cash & Cash Equivalent **3**
23. With the help of the given information, calculate **any three** of the following ratios : **(i) Operating Ratio**
(ii) Inventory Turnover Ratio **(iii) Return on Capital employed** **(iv) Liquid Ratio**
Information : Opening Inventory Rs.5,00,000; Non-Current Assets Rs.5,25,000;
 Cost of Revenue from Operation Rs.18,00,000; Net Revenue from Operations Rs.30,00,000;
 Operating expenses Rs.4,80,000; Fixed Interest Charges Rs.1,80,000;
 Current Liabilities Rs.6,00,000; Current Assets Rs.9,75,000
 Closing inventory is 40% more than the opening inventory. **4**
24. Prepare a **Common size statement of Profit and Loss of PVR Ltd., with help of the following information:** **4**

	Note No.	31/03/2013 Rs.
Other Incomes-----		2,00,000
Total Revenue-----		8,00,000
Purchase of Stock in Trade-----		4,20,000
Change in Inventories-----		80,000
Employee Benefit Expenses-----		20,000
Salaries-----		5,000
Other Expenses-----		40,000
Income Tax-----		40%

25. **From** the following information of Royal Industries Ltd. as on 31st March, 2012 and 2013, prepare Cash Flow Statement: **6**

Particulars	Note No.	31.03.2013 Rs.	31.03.2012 Rs.
I EQUITY AND LIABILITIES :			
1. Shareholders' Funds:			
(a) Share Capital		9,00,000	8,00,000
(B) Reserve and Surplus		1,50,000	1,00,000
2. Non-Current Liabilities :			

(a) Long Term Borrowings	1	3,00,000	4,00,000
3. Current Liabilities :			
(a) Trade Payables		1,00,000	2,00,000
(b) Short Term Provisions	2	40,000	32,000
Total		<u>14,90,000</u>	<u>15,32,000</u>
II Assets			
1. Non-current Assets :			
(a) Fixed Assets :			
(i) Tangible Fixed Assets	3	8,00,000	6,00,000
2. Current Assets :			
(a) Inventories		2,00,000	3,00,000
(b) Trade Receivables		3,00,000	4,32,000
(c) Cash & Cash Equivalents		1,90,000	2,00,000
		<u>14,90,000</u>	<u>15,32,000</u>

Notes :	31.03.2013	31.03.2012
	Rs.	Rs.
(1) Long term Borrowings :		
15% Debentures -----	<u>3,00,000</u>	<u>4,00,000</u>
(2) Short Term Provisions :		
Provision for Taxation -----	16,800	12,000
Proposed Dividend -----	<u>23,200</u>	<u>20,000</u>
	<u>40,000</u>	<u>32,000</u>
(3) Tangible Fixed Assets -----	9,50,000	8,00,000
Less : Accumulated Depreciation -----	<u>1,50,000</u>	<u>2,00,000</u>
	<u>8,00,000</u>	<u>6,00,000</u>

Additional Information :-

- (1) Provision for tax made during the year Rs.15,800.
- (2) Debentures were paid back at the end of the year and interim dividend paid Rs. 40,000.
- (3) A Fixed Asset costing Rs.2,00,000 accumulated depreciation thereon Rs.80,000 was sold at 10% profit on the book value.



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