Guess Paper – 2014
Class – XII
Subject – ACCOUNTANCY

SET-1

PART-A

(Partnership Firms and Company Accounts)

1. List any two contents of partnership deed. 1

2. R, S and T entered into a partnership of manufacturing and distributing educational CDs on April 1, 2006. R looked after the business development, S contenct development and T financed the project. At the end of the year (31-03-2007) R wanted a salary of Rs. 5,000 per month for the additional work he did. The other partners were not inclined to this. How would you resolve this within the abmit of the Indian Partnership Act, 1932? 1

3. A and B aare partners sharing profits in the ratio of 5:4. They admit C for $1/9^{th}$ share, which he acquires, from A. Find the new profit sharing ratio. 1

4. A, B and C are partners sharing profits in the ratio of 4:3:2. B retires and the goodwill of the firm is valued at Rs. 18,000. Pass journal entry for the treatment of goodwill on B's retirement. 1

5. When does a company forfeit its shares? 1

6. A,B,C were partners . Their Capitals were Rs.30000, Rs.20000, Rs.10000 resprctively on 1^{st} January 2010. According tp Partnership Deed they were entitled to interest on capital @ 5% p.a.

   In addition B was also entitled to draw a salary of Rs.500 per month. C was entitled to a commission of 5 % on the profits after charging the interest on capital, but before charging the salary payable to B. The net profits for the year were Rs.30000 distributed in the ratio of their capital without providing for any of the above adjustments. The profits were to be shared in the ratio 2:2:1. Pass necessary journal entry showing the working clearly. 3

7. Somaly Ltd. Bought the business of Romaly Ltd. On 1-4-20007 consisting of Sundry Assets of Rs. 5,60,000 and creditors Rs. 1,00,000 Rs. 1,00,000 was paid in cash on 03-04-2007 and for the balance Rs. 6% Debentures were issued at a premium of 20% and on 5-4-2007. Pass necessary journal entries in the books of Somaly Ltd. For the above mentioned transactions. 3

8. On 1-4-2005 Jhankar Ltd had made an issue of 2000, 6% debentures of Rs. 100 each. The company during the year 2006-07 purchased for cancellation 500 of these debentures. The company paid Rs. 95 per debenture for 400 debentures and Rs. 98 per debenture for the rest. The expenses on purchase amounted to Rs. 200. Pass journal entries in the books of the company for the period 2006-07.

3

9. A, B and C were partners in a firm having capitals of Rs. 60,000, Rs. 60,000 and Rs. 80,000 respectively. Their current account balances were A : Rss. 10,000; B : Rs. 5,000 and C : 2,000 (Dr.) According to the partnership deed the partners were entitled to an interest on capital@5%p.a. C being the working partner was also entitled to a salary of Rs. 6,000 p.a. The profits were to be divided as follows:

    i. The first Rs. 20,000 in proportion to the capitals.

    ii. Next Rs. 30,000 in the ratio of 5:3:2.

    iii. Remaining profits to be shared equality. 4

10. a) What is meant by Goodwill? b) Explain any two methods of valuation of Goodwill.

11. Rajkumar and Co. forfeited 1000 shares of Rs. 10 each at a discount of Rs. 1 per share for the non-payment of the first call of Rs. 3 per share. The final call of Rs. 3 per share has not yet made. 400 of these shares are reissued at Rs. 6 per share Rs. 7 paid up and 400 reissued at Rs. 8 per share fully paid. Pass journal entries to record for the forfeiture and reissue of these shares. 4

12. Prepare Capital Accounts of the Parners A and B for the year ending 31st March 2011 from the following details, assuming that their capitals are fluctuating:

	A	B
Capitals as on 1.4.2010	Rs.120000	Rs.100000
Drawings	Rs.1500 per month(drawn on the first day of each month)	Rs.1000 per month(drawn on the last day of each month)
Interest on Capital @ 8%	?	?
Interest on Drawings @ 8%	?	?
Share of profit 2010-11	Rs.25000	Rs.25000
Salary	Rs.14,400	-
Commission	-	Rs.4000
Interest on Loan	-	Rs.5000

6

13. Pass necessary journal entries for the redemption of 40,000, 12%$ debentures of Rs. 50 each issued at par to be redeemed as follows:

a) Redeemable at a premium of 10% by conversion into equity shares issued at par.

b) Redeemable at a premium of 10% by conversion into 8% preference shares issued at a premium of 25%.

c) Redeemable at a premium of 8%, by conversion into 8% preference shares issued at a at a doscpint of 10%.

d) 50% of the redemption to be made in cash, and the balance to be redeemed at a premium of 20% through the issue of fresh 12% debentures.

14. Babul and Vinay were partners. The partnership deed provided for:

a) Profits to be divided as Bablu ½, Vinay 4/3 and 1/6th to be transferred to reserves.

b) The accounts are closed on March 31st each year.

c) In the event of the death of a partner the executors will be entitled to the following:

i. Capital to the credit on the date of the death.

ii. Interest on capital at 12% p.a.

iii. Proportion of profit to the date of death based on the average profits credited for the last 3 years.

iv. Share of goodwill based on three years purchase of the average profits of the proceeding 3 years.

The following information is provided to you:

Babul's Capital Rs. 90,000; Vinay's capital Rs. 60,000; Reserves Rs. 30,000; Cash Rs. 1,10,000; Investments Rs. 70,000.

Prepare Vinay's A/c to be presented to his Executors, as he died on April 30th, 2007. The profits for thre three preceding years were Rs. 48,000, Rs. 42,000 and Rs. 45,000.

15. Prakash Engineering Company issued for public subscription 40,000 equity shares of rs. 10 each at a premium of Rs. 2 per share, payable as under:

On application	Rs. 2 per share
On allotment	Rs. 5 per share (including premium)
On first call	Rs. 2 per share
Final call	Rs. 3 per share

Applications were received for 75,000 equity shares. The shares were allotted pro-rata to the application of 60,000 shares only, the remaining applications being rejected. Money overpaid on application was utilized towards the sum due on allotment.

'Ashok' to whom 3,000 shares were allotted failed to pay the allotment money and the two calls. 'Baneer' who applied for 3,000 shares paid the calls money along with allotment money. Pass Journal entries to record the above transactions. 8

Or

Moneywell company issued for public subscription 50,000 equity shares of the values of Rs. 10 each at a discount of 10% parable as follows:

Rs. 2 on application

Rs. 3 on allotment

Rs. 2 on the first call

Rs. 2 on the final call

The company received applications for 1,25,000 shares. The allotment was done as follows:

a) Applications of 15,000 shares were refunded the application money.

b) Applications of Rs. 60,000 shares were allotted 30,000 shares.

c) The remaining applications were allotted 20,000 shares.

The excess applications money to be adjusted against allotment and calls, if any. Mohan, a shareholder, who had applied for 3,800 shares (group b) failed to pay the allotment money and both the calls. Ramesh a shareholder (group c) who was allotted 1,500 shares paid the calls money along with the allotment money.

Pass necessary journal entries to record the above.

16. A and B are partners sharing profits in the ratio of 4:3. Their Balance sheet on March 31st 2007 was as follows:

Liabilities		Amount Rs.	Assets		Amount Rs.
Sundry Creditors		25,000	Cash		1,800
Bills Payable		5,000	Bank		13,000
Capital:			Debtors	30,500	
A	80,000		Less: Provision for		
B	60,000	1,40,000	Bad and Doubtful		
			Debts	300	30,200
			Stock		25,000
			Plant		40,200
			Building		60,000
		1,70,000			1,70,000

They agreed to admit C into the partnership with effect from April 1st, 2007 on the following terms:

i. C to bring capital equal to 1/8th of the total capital of the new firm after all adjustment.

ii. Buildings to be appreciated by Rs. 7,000 and Plant depreciated by Rs. 3,500

iii. The provision on debtors to be raided to Rs. 650

iv. The Goodwill of the firm to be valued at Rs. 28,000 and C to bring his share of premium in cash.

Prepare Revaluation A/c, Partners Capital Account and the Balance Sheet on C's admission

Or

The Balance Sheet of A,B and C on 31-03-2007 was as follows:

Liabilities	**Amount Rs.**	**Assets**	**Amount Rs.**
Creditors	25,000	P & L Account	30,000
A's capital	80,000	Land & Building	80,000
B's capital	80,000	Plant and Machinery	56,000
C's capital	60,000	Motor car	54,000
		Debtors	48,000
		Cash	2,000
	2,70,000		2,70,000

The following terms were agreed upon for A's retirement:

i. Goodwill to be valued at Rs. 42,000 and not to be shown in the books of the firm after A's retirement.

ii. Land and Building to be appreciated by Rs. 20,000

iii. Plant and Machinery to be reduced to Rs. 46,000

iv. Provision for doubtful debts to be created at 5% on Debtors.

v. Create a provision of Rs. 1,400 for discount on Creditors.

vi. The sum payable to A to be brought in by B and C in such a manner that their capitals are in proportion to their new profit sharing ratio.

Prepare the Revaluation Account, Partners Capital Accounts and the Balance Sheet of the new firm to give effect to the above terms.

Part-B

17. Why are creditors interested in analyzing Financial Statements?

18. What are Cash Equivalents?

19. List any two items of operating activities, that are typical of an pertaining to Hotel Industry.

20. Prepare a common size statement from the following for the year ended 31st March, 2007:

Sales	Rs. 17,00,000
Cost of Good sold	Rs. 9,20,000
Operating expenses	Rs. 3,40,000
Interest on investments.	Rs. 90,000
Taxes payable	@ 50%

21. The following information is provided:

Debtors turnover ratio : 4 times, Stock turnover ratio : 8 times, Current ratio : 3, Average debtors : Rs. 1,80, 000, Working capital turnover ratio: 8 times, Cash sales 25% of Total sales, Gross profit ratio 33% $^{1/3}$ Closing stock Rs. 10,000 in excess of Opening stock.

Based on the given information calculate any two (a) Sales; (b) Cost of goods sold; (c) Closing stock.

22. (a) Calculate return on investment from the following information:

Net Profit after Tax : 6,50,000; 12.5% Convertible Debentures : Rs. 8,00,000; Income tax: 50%; Fixed Assets at cost: Rs., 24,60,000; Depreciation reserve : Rs. 4,60,000; Current Assets : Rs. 15,00,000. Current Liabilities : Rs. 7,00,000.

(b) Profit Before Interest and Tax (PBIT: Rs. 2,00,000; 10% Preference shares of Rs. 100 each: Rs. 2,00,000; 20,000 equity shares of Rs. 10 each; Rate of tax@50%. Calculate earning per share (EPS)

23. Calculate cash flow from operating activities with the following information of X Ltd.

	1st April, 2006 (Rs.)	***31st March, 2007 (Rs.)***
P & L Account	40,000	30,000
Bills Receivable	21,000	27,000
Rent Payable	1,600	4,000
Prepaid Insurance	2,800	2,400
Stock	28,000	36,000
Creditors	20,00	30,000

X Ltd. Had provided for the following items while arriving at the profit for the year:

a) Depreciation on fixed assets Rs. 20,000

b) Writing off preliminary expenses Rs. 10,000

c) Loss on sale of furniture of Rs. 1,000

d) Profit on sale of machinery Rs. 6,000.

Or

The following information has been extracted from the books of Pure Con company. Using the information calculate the cash flow from investing activities.

Land acquired during the year	Rs. 5,00,000
Investment purchased	Rs. 2,70,000
Machinery purchased	Rs. 4,50,000
Sale of building	Rs. 6,00,000
Sale of investments	Rs. 1,60,000
Sale of machinery	Rs. 2,10,000
Receipt for permission of use of patent	Rs. 90,000
Interest received on Debentures held as investments.	
Dividend received on shares as investments.	Rs. 20,000
	Rs. 30,000

CITY INTERNATIONAL SCHOOL

SECOND PREBOARD

ACCOUNTANCY – XII

SET-2

Part-A

(Partnership Firms and Company Accounts)

1. List any two contents of partnership deed. 1

2. C an a partners be exempted from sharing the losses in a firm if yes, under what circumstances? 1

3. Why should a firm have a partnership deed?

4. How is interest on drawings calculated, if the drawings are made at regular intervals, as on the first day of each month? 1

5. Why would an investor prefer to invest in the Debenture of a Company rather than in its shares? 1

6. A,B,C were partners . Their Capitals were Rs.30000, Rs.20000, Rs.10000 resprctively on 1st January 2010. According tp Partnership Deed they were entitled to interest on capital @ 5% p.a. In addition B was also entitled to draw a salary of Rs.500 per month. C was entitled to a commission of 5 % on the profits after charging the interest on capital, but before charging the salary payable to B. The net profits for the year were Rs.30000 distributed in the ratio of their capital without providing for any of the above adjustments. The profits were to be shared in the ratio 2:2:1. Pass necessary journal entry showing the working clearly. 3

7. The Directors of a Company forfeited 200 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the First Call Money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 1,000 fully paid. Record the Journal Entries for the forfeiture and a reissue of shares.

8. Meena Ltd., issued 60,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable at Rs. 3 on Application, Rs. 5 (Incl. Premium) on allotment and the balance on 1st and final call. Applications were received for 1,02,000 shares. The directors resolved to allot as follws:

a) Applicants of 60,000 shares	30,000 shares
b) Applicants of 40,000 shares	30,000 shares
c) Applicants of 2,000 shares	Nil

Nikhil who had applied for 1,000 shares in category A, and Vish who was allotted 600 shares in Category B failed to pay the allotment money. Calculate the amount received on Allotment. 3

9. A, B and C were partners in a firm having capitals of Rs. 60,000; Rs. 60,000 and Rs. 80,000 respectively. Their Current Account balance were A : Rs. 10,000; B: Rs. 5,000 and C : Rs. 2,000 (Dr) According to the partnership deed the partners were entitled to interest on capital @ 5% p.a. C being the working partner was also entitle to a salary of Rs. 6,000 p.a. The profits were to be divided as follows:

   a) The first Rs. 20,000 in proportion to their capitals.

   b) Nest Rs. 30,000 in the ratio of 5:3:2.

   c) Remaining profits to be shared equally.

The firm made a profit of Rs. 1,56,000 before charging any of the above items. Prepare the Profit and Loss Appropriation Account and pass necessary journal entry for apportionment of the profit.

4

10. a) A and B are partners in the ratios of 5:4. They admit C for $1/10^{th}$ Share, which he acquires, in equal proportions form both. Find the new profit sharing ratio.

b) A, B and C were partners in a firm sharing profits in the ratio of 8:4. B retires and his share is taken up equally by A and C. Find the new profit sharing ratio. 2+2=4

11. Mona Ltd.; has issued 20,000; 9% Debentures of Rs. 100 each of which half the amount is due for redemption on March 31^{st} 2008. The company has in its Debenture Redemption Reserve Account a balance of Rs. 4,40,000. Record the necessary journal entries at the time of Redemption of Debentures.

12. Prepare Capital Accounts of the Parners A and B for the year ending 31^{st} March 2011 from the following details, assuming that their capitals are fluctuating:

	A	B

Capitals as on 1.4.2010	Rs.120000	Rs.100000
Drawings	Rs.1500 per month(drawn on the first day of each month)	Rs.1000 per month(drawn on the last day of each month)
Interest on Capital @ 8%	?	?
Interest on Drawings @ 8%	?	?
Share of profit 2010-11	Rs.25000	Rs.25000
Salary	Rs.14,400	-
Commission	-	Rs.4000
Interest on Loan	-	Rs.5000

6

13. X,Y and Z were partners sharing profits in the ratio 3:2:1. On 31st March, 2008, their Balance sheet stood as under:

Liabilities		***Amount Rs.***	***Assets***	***Amount Rs.***
Capitals:	Rs.		`Cash at Bank	70,000
X:	75,000		Investments	50,000

Y:	70,000		Patents	15,000
Z:	50,000	1,95,000	Stock	25,000
Creditors		72,000	Debtors	20,000
General Reserve		24,000	Building	75,000
			Machinery	36,000
		2,91,000		2,91,000

Z died on May 31st 2008. It was agreed that:

a) Goodwill was valued at 3 years purchased of the average profits of the last five years, which were, 2003 : Rs. 40,000 and 2007 : Rs. 50,000.

b) Machinery was valued at Rs. 70,000, Patents at Rs. 20,000 and Buildings at rs. 66,000

c) For the purpose of calculating Z's share of profits till the date of death. It was agreed that the same be calculated based on the average profits for the last 2 years.

d) The executor of the deceased partners is to be paid the entire amount due by means of a cheque.

Prepare Z's Capital Account to be rendered executor and also a journal entry for the settlement of the amount due to Z's executors.

14. (a) Mohit Ltd.; tool over assets of Rs. 8,40,000 and liabilities of Rs. 80,000 of Ram Ltd. At an agreed value of Rs. 7,20,000. Mohit Ltd. Paid to Ram Ltd.; by issue of 9% Debentures of Rs. 100 each at a premium of 20%.

Pass necessary journal entries to record the above transactions in the books of Mohit Ltd.

(b) Give Journal entries in each of the following case if the face value of a Debenture is Rs. 100

i. A debenture issued at Rs. 110 repayable at Rs. 100

ii. A debenture issued at Rs. 100 repayable at Rs. 1005

iii. A debenture issued at Rs. 105 repayable at Rs. 105 3+3=6

15. A Ltd issued to public for subscription 40000 shares of Rs. 10 each at a discount of 10% payable as Rs.2 on application, Allotment and First call and Rs.3 on Fd inal call . Application were received for 60000 shares and allotment was made pro-rata to 80% of applicants. R to whom 600 shares were allotted paid only the application money, and S who has applied for 2400 shares paid the entire call money due along with the allotment. Pass necessary journal enteries. 8

16. Jain and Gupta were sharing profits in the ratio of 3:2. Their balance sheet on 31st March 2008 as follows:

Liabilities	Amount	Assets	Amount
Creditors	20000	Cash	14800
Bills Payable	3000	Debtors 20500	
Bank Overdraft	17000	(Less) PFDD 300	20200
Reserves	15000	Stock	20000
Jain's Capital	70000	Plant	40000
Gupta's Capital	60000	Buildings	70000
		Moter vehicles	20000
	185000		185000

They agreed to admit Misra for 1/4 th share from 1-4-2008 subject to following terms:

a) Mishra is to bring in capital equal to 1/4 of total capital of Jain & Gupta after all adjustments including premium for goodwill.

b) Building to be appreciated by Rs.14000 and stock to be depreciated by Rs.6000.

c) Provisions for Bad debts on Debtors to be raised to Rs.1000.

d) A provision be made for Rs.1800 for outstanding legal charges.

e) Misra's share of goodwill was calculated as 10000.

Prepare Revaluation Account, Partner' s capital Account & Balance Sheet. 8

Part-B

17. Why are creditors interested in analyzing Financial Statements?

18. What are Cash Equivalents?

19. List any two items of operating activities, that are typical of an pertaining to Hotel Industry.

20. Prepare a common size statement from the following for the year ended 31st March, 2007:

Sales	Rs. 17,00,000
Cost of Good sold	Rs. 9,20,000
Operating expenses	Rs. 3,40,000
Interest on investments.	Rs. 90,000

Taxes payable	@ 50%

21. The following information is provided:

Debtors turnover ratio : 4 times, Stock turnover ratio : 8 times, Current ratio : 3, Average debtors : Rs. 1,80, 000, Working capital turnover ratio: 8 times, Cash sales 25% of Total sales, Gross profit ratio 33% $^{1/3}$ Closing stock Rs. 10,000 in excess of Opening stock.

Based on the given information calculate any two (a) Sales; (b) Cost of goods sold; (c) Closing stock.

22. (a) Calculate return on investment from the following information:

Net Profit after Tax : 6,50,000; 12.5% Convertible Debentures : Rs. 8,00,000; Income tax: 50%; Fixed Assets at cost: Rs., 24,60,000; Depreciation reserve : Rs. 4,60,000; Current Assets : Rs. 15,00,000. Current Liabilities : Rs. 7,00,000.

(b) Profit Before Interest and Tax (PBIT: Rs. 2,00,000; 10% Preference shares of Rs. 100 each: Rs. 2,00,000; 20,000 equity shares of Rs. 10 each; Rate of tax@50%. Calculate earning per share (EPS)

23. Calculate cash flow from operating activities with the following information of X Ltd.

	1st April, 2006 (Rs.)	***31st March, 2007 (Rs.)***
P & L Account	40,000	30,000
Bills Receivable	21,000	27,000
Rent Payable	1,600	4,000

Prepaid Insurance	2,800	2,400
Stock	28,000	36,000
Creditors	20,00	30,000

X Ltd. Had provided for the following items while arriving at the profit for the year:

e) Depreciation on fixed assets Rs. 20,000

f) Writing off preliminary expenses Rs. 10,000

g) Loss on sale of furniture of Rs. 1,000

h) Profit on sale of machinery Rs. 6,000.

Or

The following information has been extracted from the books of Pure Con company. Using the information calculate the cash flow from investing activities.

Land acquired during the year	Rs. 5,00,000
Investment purchased	Rs. 2,70,000
Machinery purchased	Rs. 4,50,000
Sale of building	Rs. 6,00,000
Sale of investments	Rs. 1,60,000
Sale of machinery	Rs. 2,10,000
Receipt for permission of use of patent	Rs. 90,000
Interest received on Debentures held as investments.	
Dividend received on shares as investments.	Rs. 20,000

Rs. 30,000

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