Pre-Board Exam – 01
Accountancy
Class: XII

Max. Marks: 80 **Duration : 3 hours**

Instructions:

1. Question paper consists of 25 questions.
2. All questions are compulsory.
3. Attempt all parts of a question together.
4. State question number clearly.
5. Show your workings clearly where ever required.

Q1.What do you mean by drawings against capital and how will you treat it in partnership accounts?1

Q2.What is meant by 'number of years' purchase' in the valuation of goodwill? 1

Q3.Write any two accounting effects of admission of a partner. 1

Q4.State any two circumstances in which gaining ratio may be applied. 1

Q5.Give one difference between reserve capital and capital reserve. 1

Q6.What do you understand by private placement of shares? 1

Q7.Give any two exceptions to the creation to Debenture Redemption Reserve. 1

Q8.On 1st April, 2010 Ahmad Qureshi, Honey Singh, Jose Verghese and Amar Kumar formed a partnership firm, without partnership deed to manufacture and market shoes. They decided to offer special discount to student from weaker sections of the society. Ahmad is the working partner and manages the daily affairs of the firm. Honey Singh provided his premises, rent free for the purpose of business. The partners have guarantee of minimum profit `20,000 to Honey Singh whereas Amar has given personal guarantee to Ahmad for `20,000. The profits of the firm for the first year ending on 31st March, 2011 were `65,000. You are required to –

a) a) Give journal entries for the distribution of profits and
b) b) highlight the values exhibited by the partners. 3

Q9.Pass Journal entries for the following: (i) A Ltd. issued `3,00,000 10% debentures at 90% and redeemable at 120%. (ii) B Ltd. issued 2,000 8% debentures of `100 each as collateral security against a loan of `1,20,000 taken from ICICI Bank. 3

Q10.On 31st March 2012 a company had `5,00,000 8% Debentures of `100 due for redemption. These Debentures were redeemable at 20% premium. Profit & Loss Account showed a balance of `2,50,000. The debenture holders were given following options:

(i) a) To convert their holdings into 9% preference shares of `100 each at 20% premium or
(ii) b) to accept cash. 3

On 31st March 2012 40% debenture holders opted for the first option and rest of the debenture holders exercised the second option. You are required to give Journal entries for redemption of debentures.

Q11.A, B and C were partners sharing profits and losses equally. On 1st April 2012 they decided to share future profits in the ratio of 1:2:2. On the same date the firm had a balance of `60,000 in general reserve, `18,000 in P & L a/c (Dr.) and `12,000 as goodwill. For the purpose of reconstitution goodwill of the firm was valued at `15,000. Partners decided to continue showing general reserve and profit & loss account in the books of the firm. You are required to pass Journal entries to record the above adjustments. 4

Q12.P, Q and R were partners sharing profits in the ratio of 2:1:2. Their Balance Sheet as at 31st March 2012 was as under: Balance Sheet As at 31st March 2012

Liabilities	₹	**Assets**	₹
Creditors	25,000	Machinery	35,000
Capital Accounts		Stock	15,000
P- 15,000		Debtors	25,000
Q- 20,000		Cash & Bank	13,500
R- 20,000	55,000	P&L a/c	12,000
Current Account	11,000	Advertisement Expenses	8,000
P – 5,000			
R – 6,000		Current Account - Q	2,500
General Reserve	20,000		
	1,11,000		1,11,000

Q died on 30th June 2012, when following adjustments are carried out- (i) Goodwill of the firm is valued at ₹ 12,000. (ii) A liability of ₹ 2,850 is to be written off as no longer payable. (iii) Create a provision for doubtful debts @ 10%. (iv) As per the deed at time of death of any partner his share in profit/loss shall be calculated on the basis of profit / loss of the previous year. Loss of the previous year amounted to ₹ 24,000. Partners decided to pay off Q immediately by raising loan if needed and maintaining minimum balance of ₹ 13,000 as working capital. Prepare Q's executor's account . 4

Q13.X Ltd. acquired a business with freehold land of ₹ 8,00,000 for ₹ 7,50,000; Plant & Machinery of ₹ 2,00,000 for ₹ 2,20,000 and sundry liabilities of ₹ 1,50,000. For this purpose it issued its 8,000, 10% Preference shares of ₹ 100 each at par. You are required to pass necessary Journal entries to record the above transactions in the books of X Ltd. 4

Q14.Trinity Ltd. was registered with a capital of ₹ 5,00,000 in shares of ₹ 10 each. It issued shares of ₹ 2,00,000 at a premium of ₹ 2 per share, payable as - ₹ 2 on application, ₹ 5 on allotment(including premium) and balance on first and final call. Applications were received for shares of ₹ 3,00,000. Company issued shares on pro-rata basis. All the sums were duly received except allotment and call money 500 shares. You are required to prepare Balance sheet of the company.4

Q15.X and Y started a partnership business on 1st April, 2011. They contributed `80,000 and `60,000 respectively as their capitals. On 1st Oct, 2011, X granted a loan of `20,000. The terms of the partnership agreement are as follows:

a) (i) 20% of profits after making appropriations to be transferred to general reserve.
b) (ii) Interest on capital @12% p.a. and interest on drawings @10% p.a.
c) (iii) X to get a monthly salary of `2,000 and Y to get salary of `9,000 per quarter.
d) (iv) X is entitled to a commission of 2% on sales. Sales for the year were `3,50,000.
e) (v) Y is entitled to annual rent of `24,000 for his premises provided to the firm.
f) (vi) Profits and losses to be shared in the ratio of their capital contribution upto
g) `70,000 and above `70,000 equally.

The profit for the year ended 31st March, 2012, before interest on partner's loan was `2,03,900. The drawings of X and Y were `40,000 and `50,000 respectively. Prepare Profit & Loss Appropriation Account. 6

Q16.R,S and T who were sharing profits and losses in the ratio of 5:3:2. They decided to dissolve their firm on 31st March 2012. You are required to prepare Realisation A/c for closing books of the firm:

(i) Sundry assets of ₹ 3,00,000 (except cash and goodwill of ₹ 20,000 and ₹ 25,000 respectively) realized at ₹ 2,20,000.
(ii) T decided to purchase the goodwill of the firm for ₹ 15,000 and payoff creditors of ₹ 40,000.
(iii) S agreed to settle his wife's loan of ₹ 10,000 at ₹ 9,500.
(iv) R agreed to bear dissolution expenses of `5,000 which were initially paid by the firm. 6

Q17.A and B are partners sharing profits and losses in the ratio of 2:3. On 31st March 2012 their Balance Sheet stood as under: 8

Liabilities	₹	**Assets**	₹
Capitals: A- 56,000 B- 74,000	1,30,000	Cash Debtors Stock	9,000 42,000 46,000
General Reserve	15,000	Plant & Machinery	90,000
Workmen's Compensation Fund	4,500	Land and Building	60,000
		Advertisement Sus A/c	3,000
Creditors	58,000		
Bills Payables	40,000		
Pro. for Doubtful Debts	2,500		
	2,50,000		2,50,000

They decided to admit C into partnership for 20% share on the following terms: i) Land & Building is to depreciated by 5%. ii) Plant & Machinery stands undervalued by 10% than its actual price. iii) The value of stock is to be brought up to `50,100. iv) Provision for doubtful debts is to be maintained up to 5% of the debtors. v) Goodwill of the firm was valued at `60,000 vi) C brings `50,000 as capital and goodwill share in cash. Capitals of all partners to be made in proportion to their profit sharing ratio. Deficit and excess to be adjusted in cash. You are required to prepare Revaluation Account, Partners' Capital

Account and revised Balance Sheet. (OR) The Balance Sheet of Amar, Bilal and Champat who were

Liabilities	₹	**Assets**	₹
Capitals: Amar- 2,25,000 Bilal- 3,00,000 Champat- 1,50,000 Creditors Provision for legal claims General reserve	 6,75,000 75,000 30,000 45,000	Bank Debtor Stock Plant & Machinery Land & Building	1,05,000 1,80,000 1,50,000 1,80,000 2,10,000
	8,25,000		8,25,000

sharing profits in the ratio of 5:3:2 respectively stood as follows on 31st March 2012: -

On that date Champat retires from the firm on the following terms:

1. a) Land & Building stood at 20% more than its actual value.
2. b) Provision for Legal Claims is to be kept up to `33,000.
3. c) Stock is valued at `1,80,000.
4. d) Goodwill of the firm be fixed at `60,000 & future profit sharing ratio will be 2:1.
5. Amar and Bilal will bring sufficient amount in cash so as to pay off Champat's due after leaving working capital of `50,000 and to make their capitals in their new profit sharing ratio.

You are required to prepare Revaluation a/c, Partners' Capital a/c and Balance Sheet of the new firm.

Q18.A company with an authorized capital of `5,00,000 divided into 50,000 shares of `10 each, issued the entire amount of shares at a premium of 20%, payable as follows: 8

₹ 3 on application (including ₹ 1 as premium); ₹ 3 on allotment (including ₹ 1 as premium); ₹ 3 on first and ₹ 3 on final call. All share money is received in full with the exception of first call on 200 shares and the second call on 500 shares (including the 200 shares on which first call has not been paid). The above 500 shares are duly forfeited by the board and out of these 400 shares (including the 200 shares on which the first call has not been paid) are re-issued at ₹ 7 per share payable by the purchaser. Give journal entries in the books of the company.

OR

Journalise the following transactions:

a) A company forfeited 300 shares (face value `10) of Mr. X who had applied for 500 shares on account of non-payment of allotment money `3 + `2(premium) and first call `2. Only `3 per share was received with application. Out of these 200 shares were re-issued to Mr. Y as fully paid shares for `8 per share excluding premium.
b) A company forfeited 100 shares of `10 each, issued at a discount of 10%, the company has called up only `8 per share, due to non-payment of first call `3 per share. Final call of `2 each has not been made on these shares. These shares were re-issued at `7 per share, as `8 paid up.
c) A company forfeited 100 equity shares of `10 each issued at a premium of 50%, to be paid equally with application and allotment money. Allotment money of `9 per share was not paid. The first and final

call on these shares at `3 per share was not made. The forfeited shares were re-issued @ `12 per share fully paid up.

Part B

Q19.Debtors Turnover Ratio of a company is 4 times. What does it indicates?

Q20.Give one example of an activity which is considered as investing activity in case of all enterprises.

Q21.10% Debentures of `10,00,000 were redeemed by payment of cash `3,00,000 and the balance were converted into equity shares. What affect will it make on cash flow statement?

Q22Where will you show the following items in the balance sheet of a company, as per Revised Schedule VI?

a) a) Uncalled liability on shares and other investments partly paid
b) b) Computer Software
c) c) Loose tools 3

Q23From the following balance sheets of P Ltd, prepare comparative balance sheet. 4

Particulars	Note No.	2011-12 ₹	2010-11 ₹
Equity and Liabilities			
1) 1. Shareholders Fund		3,50,000	3,00,000
Share Capital			
2) 2. Non Current		1,00,000	2,00,000
Liabilities		1,50,000	1,00,000
Long Term Borrowings			
3) 3. Current Liabilities		6,00,000	6,00,000
Trade Payables			
Total			3,00,000
Assets		4,00,000	
1) 1. Non Current Assets			
Fixed Assets		2,00,000	3,00,000
(i) Tangible Assets			
2) 2. Current Assets			
Inventories			
Total		6,00,000	6,00,000

Q24Calculate the amount of opening stock (as on 1.4.2012) from the following figures for the year ended 31.03.2013: Current Ratio 2.5, Quick Ratio 1.5, Working Capital `120,000; Gross Profit @25% on sales was `1,00,000; Stock Turnover Ratio 3 times. 4

Q25Calculate the cash flow from operating activities from the following information by the indirect method: 6

Particulars Amount ₹

Operating profit (after provision for tax3,06,000)	₹ 12,56,000
Proposed dividend for the current year	₹ 2,42,000
Insurance proceeds from earthquake disaster settlement	₹ 1,50,000
Depreciation	₹ 2,80,000
Loss on sale of machinery	₹ 60,000
Profit on sale of investments	₹ 35,000
Dividend received on investments	₹ 30,000
Decrease in current assets (other than cash and cash equivalents	₹ 20,000
Increase in current liabilities	₹ 3,02,000
Increase in current assets (other than cash and cash equivalents	₹ 6,00,000
Decrease in current liabilities	₹ 1,28,000
Income tax paid	₹ 2,36,000
Refund of income tax received	₹ 6,000