Bharatiya Vidya Bhavan's V.M Public School Vadodara

Accountancy

Class XII

2017-18

Sample Paper-2

TIME: 3 HOURS **MARKS: 80**

GENERAL INSTRUCTIONS:

1. This question paper contains three parts A, B & C.
2. Part A is compulsory for all candidates.
3. Candidates can attempt *one* part of the remaining parts B & C.
4. All part of the questions should be attempted at one place.

PART-A (PARTNERSHIP AND COMPANY ACCOUNTS)

1. What share of profits would a "Sleeping Partner", who has contributed 75% of the total capital,get in the absence of partnership deed? (1)
2. If the amount of super profit is negative, what does it indicate? (1)
3. A and B are partners with capitals of Rs.90,000 and Rs.1,00,000 respectively. They decide to admit C into the partnership for 1/4th share in the future profits. C is to bring in a sum of Rs.80,000 as his capital. Calculate the amount of goodwill. (1)
4. Vinod Limited wants to issue 1,00,000 Equity Shares of Rs.100 each at a discount. State clearly the conditions which should be fulfilled by the company to issue these shares. (1)
5. What is meant by issue of debentures for consideration other than cash? (1)
6. **What journal entry will be passed for Dr.Balance of Revaluation Account on Admission of new partner ?**

7. EK and FK were partners in a firm sharing profits in the ratio of 3 : 1. They admitted GK as a new partner on 1.3.2005 for 1/3rd share. It was decided that EK, FK and GK will share future profits equally. GK brought Rs.50,000 in cash and Machinery worth Rs.70,000 for his share of profit as premium for goodwill. Showing your working clearly, give necessary entries. (3)

8. Sagar and Sarita were partners in a firm sharing profits in 3 : 2 ratio. On 28.02.2006, Their firm was dissolved. On that date the balances in their capital accounts were Sagar Rs.20,000 (Cr.), Sarita Rs.5,000 (Dr.). There was a debit balance of Rs.15,000 in the profit and loss account. Thegeneral reserve account had a balance of Rs.30,000. Dissolution resulted into a gain of Rs.75,000.
You are required to prepare the capital accounts of the partners at the time of dissolution assumingthat the necessary cash was paid or brought in by the partners for final settlement as the case may be. (3)

9. Madhu and Garima started business on 1.4.2004 with capitals of Rs.80,000 and Rs.60,000 respectively. Their profit sharing ratio was 3 : 2. During the year ended 31.3.2005 they earned a profit of Rs.50,000. Their drawings during the year were Madhu Rs.7,000 and Garima Rs.5,000. On 31.3.2005 the firm was dissolved. Creditors on that date were Rs.37,000. The assets were realised for Rs.2,80,000. The expenses of realisation were Rs.5,000.
Prepare Realisation Account only. (3)

10. Vinod Limited forfeited 1,000 shares of Rs.10 each, issued at a discount of Rs.1 per share, for the non-payment of the first call of Rs.2 per share. The final call of Rs.3 per share has not yet been

made. Subsequently, 400 of these shares were reissued at Rs.5 per share, Rs.7 paid up and 600 reissued at Rs.7 per share fully paid. Give journal entries of forfeiture and re-issue. (3)

11. A and B were sharing profits in the ratio of 3 : 2. They decided to admit C into the partnership for 1/6th share of the future profits. Goodwill, valued at 4 times the average super profits of the firm, was Rs.18,000. The firm had Assets worth Rs.15,00,000 and Liabilities Rs.12,00,000. The normalearning capacity of such firms is expected to be 10% p.a. Find the Average Profits/Actual Profitsearned by the firm
during the last 4 years. (4)

12. On 1st April, 2012, Ashok Ltd. was formed with an authorized capital of Rs.1,00,00,000 divided into 2,00,000 equity shares of Rs. 50 each. The company issued prospectus inviting applications for 1,50,000 shares. The issue price was payable as under: On application: Rs.15
On allotment: Rs.20
On call: Balance

The issue was fully subscribed and the company allotted shares to all the applicants. The company did not make the call during the year. The company also issued 5,000 shares of Rs.50 each fully paid up to the vendor for purchase of office premises.
Show the
(a) Share capital in the Balance Sheet of the company as per Schedule-VI
(b) Also prepare „Notes to Accounts‟. (4)

13. On 31st December 2013, the Balance Sheet of X, Y and Z who were partners in a firm was as under:

Liabilities	Amount	Assets	Amount
Creditors Reserve Fund Capitals: X 15,000 Y 10,000 Z 10,000	25,000 20,000 35,000	Building Investments Debtors Bills Receivable Stock Cash	26,000 15,000 15,000 6,000 12,000 6,000
	80000		80000

The partnership deed provides that the profits should be shared in the ratio of 2:1:1 and in the event of death of a partner, his executors will be entitled to be paid out:

(i) The capital to his credit at the date of last Balance Sheet.
(ii) His proportion of Reserve at the date of last Balance Sheet.
(iii) His proportion of profits to the date of death based on the average profit of the last three completed years plus 10%.
(iv) By way of goodwill, his proportion of the total profits for the three preceding years.
(v) The net profits for the last three years were: 2011 Rs.16,000; 2012 Rs.16,000; 2013 Rs.15,400. Z died on 1st April 2014. He had withdrawn Rs.5,000 to the date of his death. The investments were sold at par and Z‟s executors were paid off.

Prepare the Partners Capital Accounts and Balance Sheet. (6)

14. Annu and Mannu are partners sharing profits in the ratio of 3 : 2. Their Balance Sheet as on 31st March 2009 was as follows:

Liabilities	Amount	Assets	Amount
Sundry Creditors	56,000	Cash in hand	77,000
General Reserve	10,000	Debtors 42,000	
Investment Fluctuation Fund	4,000	Less : Provision 7,000	35,000
Capitals :		Investments (Market Price 19,000)	21,000
Annu 1,19,000		Buildings	98,000
Mannu 1,12,000	231000	Plant and Machinery	70,000
	301000		301000

Sonu was admitted on that date for 1/4th share of profit on the following terms:

(a) Sonu will bring Rs.56,000 as his share of capital.

(b) Goodwill of the firm is valued at Rs.84,000 and Sonu will bring his share of goodwill in cash.

(c) Plant and Machinery appreciated by 20% and all debtors were good.

(d) There was a liability of Rs.9,800 included in creditors which was not likely to arise. (e) New profit sharing ratio will be 2 : 1: 1. (f) Capital of Annu and Mannu will be adjusted on the basis of Sonu‟s share of capital and any excessor deficiency will be made by withdrawing or bringing in cash by the concerned partners as thecase may be.

Partners have decided to contribute some part of profit for the education of economically backwardsection of the society. Prepare Revaluation A/c, Partners Capital A/c and Balance Sheet of newfirm and also identify the values disclosed by the partners. (6)

15. Pass necessary Journal entries for Issue of Debentures for the following:

(i) Issued Rs.4,00,000, 9% debentures of Rs.100 each at a premium of 8% redeemable at 10% premium.

(ii) Issued Rs.6,00,000, 9% debentures of Rs.100 each at par, repayable at a premium of 10%.

(iii) Issued Rs.10,00,000, 9% debentures of Rs.100 each at a premium of 5%, redeemable atpar. (6)

16. Vinod Ltd. Company issued 4,000 Equity shares of Rs.10 each at a 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 and final call Rs. 2

Applications were received for 8,000 shares and pro-rata allotment was made on the applications for 5000 shares. Money overpaid on application was utilized on account of sums due on allotment.Raman to whom 40 shares were allotted, failed to pay allotment money on his subsequent failure topay the 1st call his shares was forfeited.Dheeraj a holder of 60 shares, failed to pay the two calls, and his shares were forfeited after the secondcall, of the forfeiture shares 80 were sold to Krishna (including 40 shares of Raman) credited as fullypaid for Rs.9 per share. Give journal entries. (8)

17. Following is the Balance Sheet of Aruna, Karuna and Varuna as on 31st March 2009, who haveagreed to share profits and losses in proportion of their capitals:

Liabilities	Amount	Assets		Amount
Capitals : Aruna 2,00,000 Karuna 3,00,000 Varuna 2,00,000	7,00,000	Land & Building Machinery Closing Stock		2,00,000 3,00,000 1,00,000
General Reserve	35,000	Debtors Less : Provison	1,10,000 10,000	1,00,000
Workmen compensation fund	15,000	Cash at Bank		1,00,000
Sundry Creditors	50,000			
	800000			800000

On March 31st 2009, Aruna desired to retire from the firm and the remaining partners decided to carry on the business. It was agreed to revalue the assets and re-assess the liabilities on that date, on the following basis:

(a) Land and Building be appreciated by 30%. (b) Machinery be depreciated by 20%.

(c) There were Bad Debts of Rs.17,000.

(d) The claim on account of workmen compensation fund was estimated at Rs.8,000.

(e) Goodwill of the firm was valued at Rs.1,40,000 and Aruna"s share of goodwill was adjusted against the capital accounts of the continuing partners Karuna and Varuna who have decided to share future profits in the ratio of 4:3 respectively.

(f) Capital of the new firm in total will be the same as before the retirement of Aruna and will be in the new profit sharing ratio of the continuing partners.

(g) Amount due to Aruna be settled by paying Rs.50,000 in cash and balance by transferring to herLoan A/c which will be paid later on.

Prepare Revaluation A/c, Partners Capital A/c and Balance Sheet of new firm. (8)

Part – B Financial Statement Analysis

18. The Current Ratio of Vinod Limited is 2 : 1. State giving reasons whether „Issue of Shares forCash" will improve, reduce or not change the ratio. (1)

19. State with reason whether „Short term deposits in Bank will result in inflow, outflow or no flow of cash. (1)

20a) State any one objective of financial statement analysis.

b) Give major heads and sub heads under which following items will be disclosed in the BalanceSheet as per Revised Schedule VI of the Companies Act 2013: (1+3)

(i) Mining Rights (ii) Loose Tools (iii) Cheques in hand

(iv) Public Deposits (v) Prepaid Insurance (vi) Retained Earnings

21. From the following statement of profit and loss of VK Limited for the years ended 31st March 2011 and 2012.

Particulars	31 March 2011	31 March 2012

Revenue from operations	25,00,000	30,00,000
Other income	5,00,000	7,00,000
Expenses	20% of Revenue from operations	40% of Revenue from operations
Tax Rate	40%	40%

Prepare a comparative statement of profit and loss. (4)

22. Calculate „Return on Investment" and „Debt Equity Ratio" from the following information: Net profit after interest and tax Rs.3,00,000

10% Debentures Rs.5,00,000

Tax Rate 40% Capital Employed Rs.40,00,000 (4)

23. Prepare Cash Flow Statement .

Particulars	Note No.	31-3-2012	31-3-2011
I. EQUITY AND LIABILITIES :			
1. **Shareholder's Funds:** (a)			
Share Capital	1	13,00,000	15,00,000
(b) Reserve and Surplus	2	7,00,000	40,000
2. **Non-current Liabilities**			
Long Term Borrowings : 8% Debentures		6,00,000	4,00,000
3. **Current Liabilities**		2,40,000	1,70,000
Total		28,40,000	21,10,000
II. ASSETS:			
1. **Non-Current Assets: Fixed Assets:**			
Tangible Assets		17,20,000	12,40,000
Intangible Assets (Goodwill)		20,000	30,000
Investments		2,50,000	1,60,000
2. **Current Assets**		8,50,000	6,80,000
Total		28,40,000	21,10,000

Notes to Accounts

Particulars	2012	2011
1. Share Capital		
Equity Share Capital	9,00,000	9,00,000
5% Preference Share Capital	4,00,000	6,00,000
2. Reserves and Surplus		
General Reserve	3,00,000	2,40,000
Statement of P/L	4,00,000	(2,00,000)

Additional Information:

(a) Depreciation provided on fixed assets Rs.1,20,000.

(b) Preference Shares were redeemed at a premium of 5% on 31st March, 2012.

(c) Additional debentures were issued on 1st October, 2011.

(d) The Company declared and paid dividend on Equity Shares @ 8%. (6)

Bharatiya Vidya Bhavan's V.M Public School Accountancy Std XII 2017-18 Set-2

TIME: 3 HOURS MARKS: 80

GENERAL INSTRUCTIONS:

1. This question paper contains three parts A, B & C.

2. Part A is compulsory for all candidates.

3. Candidates can attempt *one* part of the remaining parts B & C.

4. All part of the questions should be attempted at one place. PART-A

(PARTNERSHIP AND COMPANY ACCOUNTS

1. In the absence of any provision in the partnership deed, at what rate is a working partner entitled for remuneration? (1)

2. Unless given otherwise, what will be the ratio of sacrifice of the old partners in the case of admission of a new partner? (1)

3. Vinod, Mohan and Ramesh were partners sharing profits in the ratio of 1/2 ; 3/10 ; 1/5. Vinod retired from the firm. Calculate the gaining ratio of the remaining partners. (1)

4. Identify the purpose of utilising the „Security Premium" that would maximise the return to shareholders. (1)

5. What is meant by Debentures issued as collateral security? (1)

6. **What is Stock Option Plan?**

7.Priyanka Limited issued 25,000, 10% Debentures of Rs.100 each. Give journal entries in each of the following cases when:

(i) The debentures were issued at a premium of 20%.

(ii) The debentures were issued as a collateral security to Bank against a loan Rs.20,00,000.

(iii) The debentures were issued to a supplier of machinery costing Rs.28,00,000 as his full & final payment (3)

8. A and B are partners with capitals of Rs.26,000 and Rs.22,000 respectively. They admit C as a partner with 1/4th share in profits of the fir. C brings Rs.26,000 as his share of capital. Give journal entry to record goodwill on C"s admission. (3)

9. Vinod Limited purchased its own debentures of Rs.100 each of the face value of Rs.20,000 from the open market for cancellation at Rs.92. Record necessary journal entries. (3)

10. The authorized capital of XYZ Ltd. is Rs.20,00,000 divided into 2,00,000 equity share of Rs.10 each. Out of these company issued 1,00,000 equity shares of `10 each. The amount is payable as follows:

On application Rs.2 On allotment Rs.5 On Final call Rs.3 The public applied for 90,000 equity shares and all the money was duly received.

You are required to:

(a) Show share capital in the Balance Sheet of the company as at 31st March 2013, and

(b) Prepare „Notes to Accounts" for the same (3)

11. Pass necessary journal entries for the following:

(a) On 1.4.2004, Vinod Limited received in advance the final call of Rs.3 per share on 15,000equity shares. The final call was due on 15.6.2004. Record necessary entries and transfer the advance to final call accounts by opening calls in advance account.

(b) Vinod Limited purchased Furniture costing Rs.1,35,000 from AB Limited. The payment was made by issue of Equity Shares of Rs.10 each at a discount of Rs.1 per share. Pass necessary journal entries in the books of Vinod Limited. (4)

12. Priya, Riya and Siya are partners sharing profits in the ratio of 4:3:1 respectively. It is provided inthe partnership deed that on the death of any partner, her share of goodwill was to be valued at halfof the profits credited to her account during the four previous completed years. Riya died on 1st January 2012. The firm"s profits for the last four years were : 2008 Rs.1,20,000, 2009 Rs.80,000,2010 Rs.40,000 and 2011 Rs.80,000. Determine the amount that should be credited to Riya inrespect of her share of goodwill. On the date of Riya"s death, one of the old debtors whose account was closed last year by transferring his debt amounting to Rs.8,000 to bad debts account, has now promised to pay the amount fully.

Pass necessary journal entries at the time of Riya"s death. (4)

13. Vinod and Mohan were partners in a firm sharing profits in the ratio of 5:3. Their fixed capitals ason 1.4.2010 were : Vinod Rs.60,000 and Mohan Rs.80,000. They agreed to allow interest oncapital @12% p.a. and to charge on drawings @ 15% p.a. The profit of the firm for the year ended31.3.2011 before all above adjustments were Rs.12,600. The drawings made by Vinod wereRs.2,000 and by Arora Rs.4,000 during the year. Prepare Profit and Loss Appropriation account ofVinod and Mohan when interest on capital will be allowed even if the firm incurs loss. They havealso decided to donate some amount every year for the Cancer patients. Identify the values disclosed by the partners. (6)

14. A, B and C were partners in a firm. They had no partnership deed. They had been in business for 4years and their profit or loss for this period was: year ending March 2004 Rs.39,000, March 2005Rs.54,000, March 2006 Rs.18,000 (loss) and March 2007 Rs.75,000. During the year 2007-08,they agreed to share profits and losses in the ratio of 2:2:1 with retrospective effect from the year2003-04. It was also decided that an interest (charge) of 5% p.a. was to be provided on capitals(fixed). Their capitals were Rs.80,000, Rs.60,000 and Rs.60,000 respectively. Pass a singleadjustment entry to adjust the capital accounts of the partners. After the flood in Uttarakhand, allpartners decided to help the flood victims personally. State two values which the partners wanted to communicate to the society. (6)

15. X, Y and Z were partners sharing profits in the ratio of 2:2:1. The Balance Sheet on 31st March,2010, when they dissolved the firm was as follows:

Liabilities	Amount	Assets	Amount

Bank Loan Creditors Profit and Loss A/c Contingency Reserve Capitals: X 1,27,500 Y 1,10,000 Z 17,000	11,500 16,000 20,000 5,000 2,54,500	Other Sundry Assets Furniture Customers 1,24,200 Less : Provision 1,200 Stock Cash Advertisement Suspense Preliminary Expenses	1,17,000 11,000 1,23,000 17,800 13,200 20,000 5,000
	3,07,000		3,07,000

It was agreed that :

(i) X to take over furniture at Rs.8,000 and debtors amounting to Rs.1,20,000 at Rs.1,17,200 and the creditors of Rs.16,000 were to be paid by him at this figure.

(ii) Y is to take over all stock for Rs.17,000 and some sundry assets at Rs.72,000 (being 10% less than the book value)

(iii) Z to take over remaining sundry assets at 80% of the book value and assume the responsibility of discharge of loan together with accrued interest of Rs.2,300. (iv) The expenses of realization were Rs.2,700. The remaining debtors were sold to a debt collecting agency at 50% of the value.

(a) Prepare necessary accounts to close the books of the firm. (6

16. The balance sheet of Madan and Mohan who share profits and losses in the ratio of 3 : 2 on 31.3.2010 was as follow:

Liabilities	Amount	Assets	Amount
Sundry Creditors Workmen‟s Compensation Fund General Reserve Investment Fluctuation Fund Capitals : Madan 60,000 Mohan 40,000	28,000 12,000 20,000 1,00,000	Cash at Bank Debtors 65,000 Less : Provision 5,000 Stock Investments Patents	10,000 60,000 30,000 50,000 10,000
	1,60,000		1,60,000

They decided to admit Gopal on 1.4.2010 for $1/4_{th}$ shre on the following terms:

(a) Gopal shall bring Rs.20,000 as his share of premium of goodwill.

(b) The unaccounted accrued income of Rs.1,000 be provided for.

(c) The market value of investment was Rs.45,000.

(d) A debtor whose dues of Rs.5,000 were written off as bad debts, paid Rs.4,000 in full settlement. (e) A claim of Rs.3,000 on account of workmen compensation to be provided for.

(f) Patents are overvalued by Rs.2,000.

(g) Gopal to bring in capital equal to $1/4_{th}$ of the total capital of the firm after all adjustments.

Prepare Revaluation A/c, Partners Capital A/c and Balance sheet of new firm. (8)

17. Vinod Limited invited applications for issuing 2,00,000 Equity shares of Rs.100 each at a premiumof Rs.60 per share. The amount was payable as follows:

On application Rs.30 per share (including premium Rs.10)
On allotment Rs.70 per share (including premium Rs.50) On first and final call the balance amount.

Applications for 1,90,000 shares were received. Shares were allotted to all the applicants and the Company received all money due on allotment except Sharma who had been allotted 1,000 shares,and his shares were immediately forfeited. Afterwards first and final call was made. Verma did notpay the first and final call on his 2,000 allotted shares. His shares were also forfeited. 50% of theforfeited shares of both Sharma and Verma were reissued for Rs.90 per share fully paid up.

Pass necessary journal entries. (8)

Part – B Financial Statement Analysis

18. Give any two transactions which result into inflow of cash. (1)
19. Give one difference between an operating activity and an investing activity. (1)
20. a)Give major heads and sub heads under which following items will be disclosed in the Balance Sheet as per Revised Schedule VI of the Companies Act, 2013: (3+1)

(i) Licenses and Franchise (ii) Live Stock (iii) Stock in trade
(iv) Vehicles (v) Plant and Machinery (vi) Investment in Mutual Funds b)How window dressing is a limitation of financial statement analysis.

21. From the following statement of profit and loss of VK Limited for the years ended 31st March 2011 and 2012.

Particulars	31 March 2011	31 March 2012
Revenue from operations Other income Expenses Tax Rate	500% of other income 120 % of expenses 3,00,000 40%	500% of other income 120 % of expenses 5,00,000 50%

Prepare a comparative statement of profit and loss. (4)

22. Current Ratio of a company is 2:1. State which of the following would improve, reduce or not change the ratio:

(i) Repayment of a current liability (ii) Purchasing goods on credit
(iii) Sale of motor vehicles at a profit of 10% (iv) Sale of goods at a profit of 10%
(v) Payment of dividend (vi) Redemption of debentures at a premium (4)

23. From the following Balance Sheets of Tushar Limited prepare Cash Flow Statement :

Particulars	Note No.	31-3-2012	31-3-2011
I. EQUITY AND LIABILITIES : 1. **Shareholder's Funds:** (a) Share Capital (b) Reserve and Surplus 2. **Non-current Liabilities** Long Term Borrowings : 12% Debentures 3. **Current Liabilities**	1	3,00,000 (5,000) 1,20,000 45,000	2,00,000 35,000 1,40,000 15,000
Total		4,60,000	3,90,000

II. ASSETS:			
1. **Non-Current Assets: Fixed Assets:**			
Tangible Assets		2,00,000	1,70,000
Investments		1,05,000	1,05,000
Other Non-current Assets : Discount on debentures		--	5,000
2. **Current Assets**			
Trade Receivables		1,20,000	80,000
Other Current Assets: Discount on debentures		5,000	10,000
Cash and Cash Equivalents		30,000	20,000
Total		4,60,000	3,90,000

Notes to Accounts

Particulars	2012	2011
1. Reserves and Surplus		
General Reserve	10,000	--
Statement of P/L	(15,000)	35,000

Additional Information:

(a) Debentures were redeemed on 1st April, 2012.

(b) During the year a machine included in fixed assets costing Rs.60,000 was purchased and another machine having book value of Rs.18,000 was sold at a loss of Rs.2,000. (6)

Mr. Mukesh Singh Shekhawat