

Bharatiya Vidya Bhavan's V.M Public School Vadodara

Accountancy

Class XII

2017-18

Sample Paper-6

Set-6

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. How will you calculate interest on drawings if a partner withdraws an equal amount at the end of every quarter? (1)
2. A, B & C are partners. B retires from the firm. What is the ratio in which A & C will gain the share of B. (1)
3. How will the assets be applied in case of dissolution of firm? (1)
4. Give the formulae for calculation of goodwill by capitalization of average profits. (1)
5. Identify the purpose of utilizing the securities premium that would maximize the return to share holders. (1)
6. State the rate of interest that has to be charged and allowed by company in case of calls in arrears and calls in advance as per Table A. (1)
7. P, Q & R are partners sharing profits in the ratio of 2:1:1. The partnership deed states that R's share in profit will not be less than 70000 p.a. The loss for the year ended 31/12/2011 was 200000. Show distribution of profits for the year ended 31/12/2011. (3)
8. Z ltd purchased assets of 180000 and took over liabilities of 40000 of M ltd for a purchase consideration of 176000. Z ltd paid half the amount by accepting a bill of exchange and the balance was settled by issuing 12% debentures of 100 each at 10% premium. These debentures were redeemable after 4 years @ 10% premium. Pass entries for issue of debentures. (3)
9. Pass journal entries in the following cases:
 - a. Z ltd converted 9000 15% debentures of 100 each issued at premium in to equity shares of 10 each issued at 10% discount.
 - b. 1000 15% debentures of 500 each were purchased from open market for immediate cancellation @ 450 per debenture. Brokerage amounted to 1%. (3)
10. 14. D ltd forfeited 1000 equity shares of 10 each issued at 10% discount for nonpayment of allotment money of Rs. 3 per share. The first and final call of Rs 2 has not yet been made. Of the forfeited shares 800 shares were reissued as fully paid up for a consideration of Rs.7200. Pass necessary entries. (3)
11. P & Q are partners sharing profits in the ratio of 3:2. They admit R in to partnership for $\frac{3}{7}$ th share which he takes $\frac{2}{7}$ th from P and $\frac{1}{7}$ th from Q. The goodwill of firm on admission of R was valued at Rs. 70,000 and goodwill already appeared in the books at Rs. 50,000. R contributes Rs. 65,000 as his capital and also brings half of his share of goodwill in cash. The partners withdrew 30% of goodwill credited to them. Calculate new profit sharing ratio and pass necessary entries. (4)

12. X, Y & Z are partners in firm sharing profits in the ratio of 4:3:1. The deed states that in the event of death of a partner goodwill is to be valued at half of the profits credited to his account during the previous four completed years. Y died on 1/1/2012. The firm's profits for the last 4 years were 2008: 80000, 2009: 120000, 2010: 40000 and 2011: 80000. Determine the amount that should be credited to Y in respect of his share of goodwill. On the date of Y's death, one of the old debtors whose account was closed last year by transferring his debt amounting to 8000 to Bad debts account, has now promised to pay the amount fully.

Pass the necessary journal entries for the above mentioned transactions at the time of Y's death. **(4)**

13. a) B Ltd is registered with the capital of Rs. 2000000 divided in to equity shares of 10 each. The company offered 50000 shares to underwriters for their underwriting services and offered 150000 shares for subscription to public. The issue was fully subscribed. Directors called up Rs 8 per share. Mr. A holding 1000 shares failed to pay first call of Rs 2 per share and his shares are forfeited.

Show share capital in the Balance Sheet. Also show Notes to Accounts for the same.

b) What is meant by 'Debentures issued as collateral security'? What journal Entry is Passed in the books for such Debentures **(4+2)**

14. A, B & C entered in to partnership on 01/04/2010 by contributing Rs 30,000, Rs. 20,000 and Rs. 10,000 respectively as their capitals. The partnership deed provides for the following:

- a. Interest on capital @ 10%p.a.
- b. Salary to A @ 1000 per month.
- c. Commission to B @ 1500 per quarter.
- d. Interest on drawings @ 6% p.a.

A withdrew Rs. 1000 in the beginning of every month for personal use and B withdrew 1500 at the end of every quarter. Partner C advanced loan of 30,000 to firm on 01/09/2010. The profits of the firm before any appropriation for the year ended 31/12/2010 amounted to Rs. 1, 20,000. Prepare Profit & Loss appropriation account and partners current account. **(6)**

15. X and Y are partners in a business with a profit sharing ratio 3:2 respectively. They decided to dissolve the partnership on March 31, 2011. On that date their capitals stood at Rs20, 000 and Rs 10,000 respectively. Amount owed by Y to the firm was Rs 6,400 and there was a loan by X for Rs 8,000; Creditors were Rs 50,000 and Cash Rs 5,400. The assets other than loan to Y and Cash realized 59,200. Realisation expenses amounted to Rs 2,000. Prepare necessary accounts on dissolution of firm. **(6)**

16. A and B are partners sharing profits in the ratio of 3:2. Their balance sheet on 31st March 2012 stood as under:

Liabilities	Rs	Assets	Rs
Capital:		Machinery	66,000
A	70,000	Furniture	30,000
B	60,000	Investments	40,000
General reserve	20,000	Stock	46,000
Bank loan	18,000	Debtors	38,000
Creditors	72,000	Less: provision	<u>4,000</u>
		Cash	24,000

TOTAL	2,40,000	TOTAL	2,40,000
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On this date they admitted C for 25% share in profits on following terms:

- C brings capital proportionate to his share after all adjustments and Rs 8000 for goodwill out of his share of Rs 14,000.
- Depreciate furniture by 10%.
- Half of investments were to be taken over by A and B in their profit sharing ratio and remaining valued at Rs 26,000. d) Debtors are all good. e) Bank loan is paid off. e) New ratio will be 3:3:2.

Prepare revaluation account, capital account and balance sheet after C's admission.

(8)

OR

On March 31, 2012 the balance sheet of A, B and C who were sharing profits in proportion of their capitals stood as follows:

Liabilities	Rs.	Assets	Rs.
Bills payable	8,000	Land and Buildings	50,000
Creditors	12,000	Cash at Bank	30,000
General Reserve Capitals:	6,000	Debtors	10,000
A		Less: Provision	<u>200</u>
B	30,000	Stock	14,000
C	30,000	Machinery	8,200
Employee's Provident Fund	15,000	Profit and Loss A/c	6,000
	17,000		
	<u>1,18,000</u>		<u>1,18,000</u>

B retires on 1st April, 2012 and the following readjustments of the assets and liabilities have been agreed upon before the ascertainment of the amount payable to B:

- That out of the amount of insurance which was debited entirely to Profit and Loss Account, Rs. 1,292 is carried forward as unexpired insurance.
- That the land and building be appreciated by 10%.
- That the provision for doubtful debts be brought up to 5% on debtors.
- That machinery is depreciated by 6%.
- That a provision of Rs. 1,500 has made in respect of any outstanding bill for printing and stationery.
- That Goodwill of the firm will be valued at Rs. 18,000, but no goodwill is to be raised.
- That B be paid Rs. 5,000 in cash and the balance be transferred to his loan account payable in two equal annual installments along with interest 8% p.a.
- That the entire capital of the firm as newly constituted be fixed at Rs. 60,000 between A and C in the proportion of three-fourth and one-fourth after passing entries in their accounts for adjustment, i.e., actual cash to be paid off or to be brought in by the continuing partners as the case may be.

Required: Prepare necessary accounts and the Balance Sheet of the firm of A and C. Also prepare B's loan account for the first year.

(8)

17. J Ltd issued 50000 shares of 10 each at premium of 2 per share payable as 3 on application, 5 on allotment (inc. prem) and balance on first and final call. Applications were received for 92000 shares and allotment was made as follows: (A) Applicants of 40000 shares- 30000 shares. (B) Applicants of 40000 shares- allotted 20000 shares (C) Applicants of 12000 shares- Nil. Suresh who applied for 2000 shares in category A didn't pay any money after application. Chandu who was

allotted 800 shares in category B paid the call money due along with allotment. Suresh's shares were forfeited. The forfeited shares were subsequently reissued at maximum discount as fully paid. Pass entries.

(8)

or

D Ltd invited applications for 30000 shares of 10 each at maximum discount. Applications were received for 40000 shares. 10% of the total applications were rejected and the balance were allotted on prorated basis. 2 were payable on application, 3 on allotment and balance on final call. AB who applied for 2400 shares failed to pay allotment money and his share were immediately forfeited. CD the holder of 1500 shares failed to pay allotment and call money. His shares were forfeited. All forfeited shares were reissued for payment of 28000 as fully paid up. Pass entries.

PART-B ANALYSIS OF FINANCIAL STATEMENTS

18. Define cash and cash equivalents. (1)
19. Mention the net amount of source or use of cash from the following: (1)
Issue of shares of 800000 against purchase of business comprising of fixed assets 700000, Current Assets 200000 and took over liabilities of 100000.
20. Enumerate any Four items of Current assets and any Four of Current liabilities in the Balance Sheet of a company as per Schedule VI of the Companies Act 1956. (4)
21. Prepare Comparative Balance Sheet from the following information: (4)

PARTICULARS	2011	2012
Share capital	1000000	1200000
P& L Account	200000	100000
10% Debentures	500000	400000
Trade payables	100000	200000
Plant and Machine	1200000	1300000
Trademarks	400000	300000
Inventories	200000	300000

22A) . The current ratio of the company is 2.5:1. State giving reasons whether declaration of dividend will improve, reduce or not change the ratio.

B) Calculate Return on Investment and Debt Equity Ratio from the following information: (1+3)
Net Profit after Interest and Tax 600000, 10% Mortgage Loan 1000000, Tax Rate 40% and Capital Employed 8000000.

23. Prepare Cash Flow Statement from the following Balance sheets and Additional information. (6)

PARTICULARS	31/03/2011	31/03/2012
EQUITY AND LIABILITIES		
1. SHAREHOLDERS FUND		
Equity Share Capital	1,50,000	2,00,000
12% Preference Share Capital	75,000	50,000
General Reserve	20,000	35,000
P & L Account	15,000	25,000
2. Non Current Liabilities		
10% Debentures	30,000	20,000
3. Current Liabilities		
Proposed dividend	15,000	20,000
Provision for Tax	25,000	35,000
Trade payables	30,000	50,000
TOTAL	3,60,000	4,35,000

ASSETS		
1. NON CURRENT ASSETS		
Machine	1,20,000	1,80,000
Patents	50,000	35,000
2. Current Assets		
Inventories	60,000	80,000
Trade Receivables	80,000	70,000
Cash And Cash Equivalents	50,000	70,000
Total	3,60,000	4,35,000

ADDITIONAL INFORMATION:

1. Depreciation charged on machine during the year was 30,000. A machine costing 20,000 accumulated depreciation on which was 10,000 was sold @ 60% profit on book value.
2. Interim dividend paid on equity shares was 15,000 and preference dividend was paid for the year ending 31/03/12.
3. Income Tax paid was 15,000.

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