INDIAN SCHOOL SALALAH
THIRD PRELIM EXAMINATION- FEBRUARY, 2019

CLASS: XII **ACCOUNTANCY** **MAX.MARKS:80**
TIME: 3 Hrs.

General Instructions:
i)This question paper carries two parts; par A and B.
ii) Both Parts are compulsory
iii) This question paper carries 7 printed pages and 23 questions.
(iv) Marks are indicated against each question.
(v) All parts of a question should be attempted at one place.

PART – A
(Accounting for Partnership Firms and Companies)

1	Vinay and Naman are partners sharing profit in the ratio of 4:1. Their capitals were ₹90,000 and ₹ 70,000 respectively. They admitted Prateek for 1/3 share in the profits. Prateek brought ₹ 1,00,000 as his capital. Calculate the value of firm's goodwill. Or Why newly admitted partner is bringing his share of goodwill to the firm?	1
2	In which ratio do the remaining partners acquire the share of the deceased partner ?	1
3	Give the journal entry for the treatment of partner's loan appearing on the asset side of the Balance Sheet, on dissolution of a partnership firm.	1
4	Aman, Yatin and Uma were partners and were sharing profits and losses in the ratio of 5 : 3 : 2. Uma retired and her share was taken over by Aman and Yatin in 5 :3 ratio. Calculate the gaining ratio of Aman and Yatin.	1
5	Which item will appear in the debit side of the partner's capital a/c when capitals are fixed?	1
6	What is meant by 'Private Placement of Shares'? Or What is meant by 'Sweat equity'?	1
7	Amit and Kartik are partners sharing profits and losses equally. They decided to admit Saurabh for an equal share in the profits. For this purpose the goodwill of the firm was to be valued at four years' purchase of super profits. The Balance Sheet of the firm on Saurabh's admission was as follows :	3

Liabilities	Amount	Assets	Amount
Capitals :		Machinery	75,000
Amit: 90,000		Furniture	15,000
Kartik: 50,000	1,40,000	Stock	30,000
Reserve	20,000	Sundry Debtors	20,000
Loan	25,000	Cash	50,000
Sundry Creditors	5,000		
	1,90,000		1,90,000

	The normal rate of return is 12% per annum. Average profit of the firm for the last four years was ₹ 30,000. Calculate Saurabh's share of goodwill.	
8	From the following information, calculate the amount of stationery to be debited to Income and Expenditure a/c for the year ended 31st March, 2018: i) Cash paid for stationery during the year : ₹30,000 ii) Out of the payment made during the year, ₹5,000 paid in settlement of creditors of stationery of last year and ₹7,000 paid as an advance for the next year. iii) Credit purchase of stationery made during the year ₹50,000 iv) Out of the credit purchase made during the year, ₹20,000 purchased for the coming year. v) Opening stock of stationery was ₹3,000 and closing stock was ₹8,000.	3
9	Janta Ltd. had an authorized capital of 2,00,000 equity shares of ₹ 10 each. The company offered to the public for subscription 1,00,000 shares. Applications were received for 97,000 shares. The amount was payable as follows on application was ₹ 2 per share, ₹ 4 was payable each on allotment and first and final call. A shareholder holding 600 shares failed to pay the allotment money. His shares were forfeited. The company did not make the first and final call. Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. Also, prepare Notes to accounts. Or Keshav Ltd. had an authorized capital of 2,00,000 equity shares of ₹10 each. The company offred to the public for subscription 1,00,000 shares. Applications were received for 97,000 shares. The amount was payable as follows on application was ₹ 2 per share, ₹ 4 was payable each on allotment and first and final call. The company has received all the money except the first and final from 1,000 shares. These shares were forfeited. Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. Also, prepare Notes to accounts.	3
10	Ajay, Bhawna and Shreya were partners sharing profits in the ratio 2:2:1. On July 1, 2017 Shreya died. The books of accounts are closed on March 31 every year. Sales for the year 2016-17 amounted to ₹ 5,00,000 and that from 1st April to 30th June 2017 were ₹ 1,40,000. The rate of profit during the past three years had been 10% on sales. Since Shreya's legal representative was her only son, who is specially abled, it was decided that the profit for the purpose of settling Shreya's account is to be calculated as 20% on sales. Calculate Shreya's share of profits till the date of her death and pass necessary journal entry for the same as well as for the treatment of goodwill if the share of goodwill of Shreya is calculated as ₹30,000.	3
11	Rajiv and Sanjeev were partners in a firm. Their partnership deed provided that the profits shall be divided as follows : First ₹ 20,000 to Rajeev and the balance in the ratio of 4 : 1. The profits for the year ended 31st March, 2017 were ₹ 60,000 which had been distributed among the partners. On 1-4-2016 their capitals were Rajeev ₹ 90,000 and Sanjeev ₹ 80,000. Interest on capital was to be provided @ 6% p.a. While preparing the profit and loss appropriation account, interest on capital was omitted. Pass necessary rectifying entry for the same. Show your workings clearly.	4

12 Venus Ltd., is a real estate company. To discharge its corporate Social Responsibility, it decided to construct a night shelter for the homeless. The company took over assets of ₹ 10,00,000 and liabilities of ₹ 1,80,000 of Cayns Ltd. for ₹ 7,60,000. Venus Ltd..issued 9% Debentures of ₹ 100 each at a discount of 5% in full satisfaction of the purchase consideration in favour of Cayns Ltd. 4

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

13 From the following Receipt and Payment A/c of a sports club, prepare an Income and Expenditure a/c for the year ended 31st December, 2016: 6

Dr. Receipt & Payment A/c as on 31/12/2016 Cr.

Receipt	Amount	Payments	Amount
To balance b/d	6090	By Maintenance	1,000
To 10% Fixed Deposit	5,000	By Match expenses	1,300
To Subscription (including ₹600 of 2015)	5,000	By Salaries	2,100
		By Conveyance	700
To Entrance Fee	300	By Postage stamps	150
To Donation	500	By Investments	2,000
To Interest on Fixed deposit	250	By Tournament expenses	2,200
To Tournament Fund	2,000	By 10% Fixed Deposits	5,000
To Sale of Crockery (book value ₹500)	300	By Balance c/d	4,990
	19,440		19,440

Additional Information:

(i) Monthly salary is ₹200

(ii) The value of unused postage stamps is ₹75 on 31st December, 2015 and ₹ 80 on 31st December, 2016.

(iii) Subscription due for 2015 was ₹600 and for 2016 is ₹800

(iv) Donation and Entrance fee are not to be capitalized.

14 Girija and Ganesh were partners in a firm sharing, profits and losses in the ratio of 2 : 3. On 31st March, 2017 their Balance Sheet was as follows : 6

Liabilities		Amount	Assets		Amount
Creditors		80,000	Cash at Bank		20,000
Bank Overdraft		50,000	Debtors	55,000	
Girija's Brother's loan		77,000	Less: Provision	2,000	53,000
Ganesh's loan		28,000	Stock		78,000
Investment Fluctuation Fund		15,000	Investments		89,000
Capitals :			Buildings		2,50,000
Girija	1,50,000		Profit and Loss A/c		10,000
Ganesh	1,00,000	2,50,000			
		5,00,000			5,00,000

On the above date the firm was dissolved. The assets were realized and the liabilities were paid off as follows :

(a) Debtors of ₹ 6,000 were proved bad.

(b) Girija agreed to pay off her brother's Loan.

(c) One of the creditors for ₹ 10,000 was paid only ₹ 3,000 in full settlement of his account.

(d) Buildings were auctioned for ₹ 1,80,000 and the auctioneer's commission amounted to ₹ 8,000.

(e) Ganesh took over part of stock at ₹ 4,000 (being 20% less than the book value). Balance of the Stock was handed over to the remaining creditors in full settlement of their account.

	(f) Investments realized ₹ 9,000 less. (g) Realisation expenses amounted to ₹ 17,000 and were paid by Ganesh. Prepare Realisation Account, Partners' Capital Accounts and Bank Account. Or Journalise the following transaction which took place at the time of dissolution of a partnership firm where A and B where the partners who were sharing profits and losses in the ratio of 3:1.; a) Creditors of ₹50,000 agreed to accept stock worth ₹35,000 and balance paid in cash. b) Furniture worth ₹1,00,000 were taken over by the partners in their agreed ratio. c) Debtors of ₹60,000 were realized at a bad debt of ₹25,000. d) Loan from Partner A has been paid in full. e) Loss on realisation was ₹60,000 f) Dissolution expense ₹10,000 paid by the firm on behalf of partner B; B has to bear that.	
15	Parth, Raman and Zaisha are partners in firm manufacturing furniture. They have been sharing profits and losses in the ratio of 5 : 3 : 2. From 1st April, 2017 they decided to share future profits and losses in the ratio of 2 : 5 : 3. Their Balance Sheet showed a debit balance of ₹ 4,000 in Profit & Loss Account; balance of ₹ 36,000 in General Reserve and a Balance of ₹ 12,000 in Workmen's Compensation Reserve. It was agreed that – (i) The goodwill of the firm is valued at ₹ 76,000. (ii) The Stock (book value of ₹ 40,000) was to be depreciated by 8%. (iii) Creditors amounting to ₹ 900 were not likely to be claimed. (iv) Claim on account of Workmen's Compensation amounted to ₹ 20,000. (v) Investments (book value ₹ 38,000) were revalued at ₹ 40,000. Pass necessary single Journal entry for the above if the partners did not want to show the changes in the Balance Sheet. Prepare a Revaluation A/c if the partners want to show the changes in the Balance sheet.	6
16	Manvet Ltd. invited applications for issuing 10,00,000 equity shares of ₹ 10 each payable as follows : On application and allotment ₹ 4 per share (including premium ₹ 1) On first call ₹ 4 per share, On second and final call ₹ 3 per share. Applications for 15,00,000 shares were received and pro-rata allotment was made to all the applicants. Excess application money was adjusted on the sums due on calls. A shareholder who had applied for 6,000 shares did not pay the first, and the second and final call. His shares were forfeited. 90% of the forfeited shares were reissued at ₹ 8 per share fully paid up. Pass necessary journal entries for the above transactions in the books of the company. OR X Ltd. invited applications for issuing 5,00,000 equity shares of ₹ 10 each at par. The amount per share was payable as follows : On Application ₹ 1 per share On Allotment ₹ 2 per share On First call ₹ 3 per share	8

	On Second and Final call – Balance. Applications for 8,00,000 shares were received. Applications for 1,00,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. All calls were made. Ashok a shareholder holding 5,000 shares failed to pay the allotment and the call money. Mohan, a shareholder who had applied for 7,000 shares, failed to pay the first and second and final call. Shares of Ashok and Mohan were forfeited after the second and final call. Of the forfeited shares 8000 shares were re-issued at ₹ 12 per share fully paid up. The re-issued shares included all the forfeited shares of Ashok. Pass necessary journal entries for the above transactions in the books of X Ltd.	
17	On 31st March 2017, the Balance Sheet of Abhir and Divya, who were sharing profits in the ratio of 3 : 1 was as follows :	8

Balance Sheet of Abhir and Divya as on 31st March 2017

Liabilities		Amount	Assets		Amount
Creditors		2,20,000	Cash at Bank		1,40,000
Employees' Provident Fund		1,00,000	Debtors	6,50,000	
Investment Fluctuation Fund		1,00,000	Less Provision	50,000	6,00,000
General Reserve		1,20,000	Stock		3,00,000
Capitals :			Investments (market value ₹4,40,000)		5,00,000
Abhir :	6,00,000				
Divya :	4,00,000	10,00,000			
		15,40,000			15,40,000

They decided to admit Vibhor on April 1, 2017 for 1/5th share.
(a) Vibhor shall bring ₹ 80,000 as his share of goodwill premium.
(b) Stock was overvalued by ₹ 20,000.
(c) A debtors whose dues of ₹ 5,000 were written off as bad debts, paid ₹ 4,000 in full settlement.
(d) Two months salary @ ₹ 6,000 per month was outstanding.
(e) Vibhor was to bring in Capital to the extent of 1/5th of the total capital of the new firm.
Prepare Revaluation A/c, Partners' Capital A/c and the Balance Sheet of the reconstituted firm.

OR

Kavya, Manya and Navita were partners sharing profits as 50%, 30% and 20% respectively. On march 31, 2016, their Balance Sheet stood as follows :
Balance Sheet of Kavya, Manya and Navita as at March 31, 2016.

Liabilities		Amount	Assets		Amount
Creditors		1,40,000	Fixed Assets		8,90,000
General Reserve		1,00,000	Investments		2,00,000
Capitals :			Stock		1,30,000
Kavya	6,00,000		Debtors	4,00,000	
Manya	5,00,000		Less – Provision	30,000	3,70,000
Navita	4,00,000	15,00,000	Bank		1,50,000
		17,40,000			17,40,000

On the above date, Kavya retired and Manya and Navita agreed to continue the business on the following terms :
(a) Firm's goodwill was valued at ₹ 60,000 and it was decided to adjust Kavya's share of goodwill in the capital accounts of continuing partners.
(b) There was a claim for workmen's compensation to the extent of ₹ 4,000.
(c) Investments were revalued at ₹ 2,13,000.

	(d) Fixed Assets were to be depreciated by 10%. (e) Kavya was to be paid ₹ 20,000 through a bank draft and the balance was transferred to her loan account which will be paid in two equal annual instalments together with interest @ 10% p.a. Prepare Revaluation A/c, Partner's Capital accounts and Kavya's Loan Account till it is finally paid.	
	PART – B **Analysis of Financial Statements**	
18	'Loans and advances granted' by a company will be considered, as which type of activity while preparing Cash Flow Statement.	1
19	State the primary objective of preparing the Cash Flow Statement.	1
20	(a) Under which major headings and sub-heading will the following items be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013 ? (i) Provision for employee benefits. (ii) Calls in advance. (b) State any two limitations of 'Analysis of Financial Statements'.	4
21	a) A company earns Gross profit of 25% on cost. For the year ended 31st March, 2017 Gross Profit was ₹ 5,00,000; Equity Share Capital of the company was ₹10,00,000; Reserves and Surplus ₹ 2,00,000; Long Term Loan ₹ 3,00,000 and Non Current Assets were ₹ 10,00,000. Compute the 'Working capital turnover ratio' of the company. b) Y Ltd's profits after interest and tax was ₹ 1,00,000. Its Current Assets were ₹4,00,000; Current Liabilities ₹ 2,00,000; Fixed Assets ₹ 6,00,000 and 10% Long term debt ₹ 4,00,000. The rate of tax was 20%. Calculate 'Return on Investment' of Y Ltd.	4
22	From the following information, prepare a Comparative Statement of Profit and Loss :	4

Particulars	31/03/2017	31/03/2016
Revenue from operations	24,00,000	18,00,000
Other incomes (% of revenue from operations)	15%	25%
Expenses (% of 25% revenue from operations)	60%	50%
Tax rate	40%	40%

23	Following is the Balance Sheet of Mevanca Limited as at 31st March, 2017 Mevanca Ltd. Balance Sheet as at 31st March, 2017	6

Particulars	Note No	31/03/2017	31/03/2016
I Equity and Liabilities			
1. Shareholder's Funds			
(a) Share Capital		3,00,000	1,00,000
(b) Reserves and Surplus	1	25,000	1,20,000
2. Non-Current Liabilities			
Long-term Borrowings	2	80,000	60,000
3. Current Liabilities			
(a) Trade Payables		6,000	20,000
(b) Short-term Provisions	3	68,000	70,000
Total		4,79,000	3,70,000
II. Assets			

1. Non-Current Assets			
Fixed Assets	4	3,36,000	1,92,000
2. Current Assets			
(a) Inventories		67,000	60,000
(b) Trade Receivables		51,000	65,000
(c) Cash and Cash Equivalents		25,000	49,000
(d) Other Current Assets	5	---------	4,000
Total		4,79,000	3,70,000

Notes to Accounts

Particulars	31/03/2017	31/03/2016
1. Reserves and Surplus:		
Surplus i.e., Balance in Statement of Profit & Loss	25,000	1,20,000
2. Long-term Borrowings:		
10% Long term Loan	80,000	60,000
3. Short-term Provisions:		
Provision for Tax	68,000	70,000
4. Fixed Assets		
Machinery	3,84,000	2,15,000
Accumulated Depreciation	(48,000)	(23,000)
	3,36,000	1,92,000

Additional Information :

(i) Additional loan was taken on 1st July, 2016.

(ii) Tax of ₹ 53,000 was paid during the year.

Prepare Cash Flow Statement.