

Pre Board Examination 2019-2020

GRADE: XII (CBSE)

TOTAL MARKS:

80

ACCOUNTANCY

DATE:

TIME: 3 Hrs

General Instructions to candidates:

1. There is a cool off time of 15 minutes in addition to the writing time of 3 hours.
2. Marks are indicated against each questions
3. Read the questions carefully before answering.
4. Draw proper format wherever necessary.
5. Give equations wherever necessary.
6. All questions are compulsory.

PART A

(Accounting for Not-for-Profit Organizations, Partnership Firms and Companies)

1. How are the following items presented in financial statements of a Not-for- Profit organisation:- 1
(a) Tournament Fund- 80,000
(b) Tournament expenses-14,000
 2. At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner, in absence of any agreement among partners, when (s)he opts for interest and not share of profit. 1
a) 12% p.a. c) 8% p.a.
b) 6%p.a. d) 7.5%p.a.
 3. Pass the necessary journal entry for treatment of Partner's loan appearing on the asset side of the Balance Sheet in case of dissolution of a partnership firm. 1
 4. State the main aim of a not-for-profit organisation. 1
- OR
- How is 'Life membership fee' treated while preparing the financial statements of a not-for-profit organisation?
5. State the order of payment of the following, in case of dissolution of partnership firm. 1
 - i. to each partner proportionately what is due to him/her from the firm for advances as distinguished from capital (i.e. partner' loan);
 - ii. to each partner proportionately what is due to him on account of capital; and
 - iii. for the debts of the firm to the third parties;

6. Kiya and Leela are partners sharing profits in the ratio of 3:2. Kiran was admitted as a new partner with 1/5th share in the profits and brought in Rs24,000 as her share of goodwill premium that was credited to the capital accounts of Kiya and Leela respectively with Rs18,000 and Rs6,000. Calculate the new profit sharing ratio of Kiya, Leela and Kiran. 1

7. A and B are partners in a firm having a capital of ₹ 54,000 and ₹ 36,000 respectively. They admitted C for 1/3rd share in the profits C brought proportionate amount of capital. The Capital brought in by C would be: 1
a) ₹ 90,000 b) ₹ 45,000
c) ₹ 5,400 d) ₹ 36,000

OR

A, B and C are partners in a firm sharing profit and losses in the ratio of 3:2:1. B died on 1st April, 2018. C, son of B, is of the opinion that he is the rightful owner of his father's share of profits, and the profits of the firm should be now shared between A and C equally. A does not agree. Settle the dispute between A and C by giving reason.

8. Dinkar, Navita and Vani were partners sharing profits and losses in the ratio of 3 : 2 : 1. Navita died on 30th June, 2017. Her share of profit for the intervening period was based on the sales during that period, which were ₹ 6,00,000. The rate of profit during the past four years had been 10% on sales. The firm closes its books on 31st March every year. 1

9. Land and Building (book value) ₹ 1,60,000 sold for ₹ 3,00,000 through a broker who charged 2% commission on the deal. Journalise the transaction, at the time of dissolution of the firm. 1

10. State the basis of accounting on which 'Receipt and Payment Account' is prepared in case of Not-for Profit Organisation. 1

OR

What will be the treatment of 'Subscription received in advance' during the current year in the Balance Sheet of a Not-For-Profit Organisation?

11. One of the partners in a partnership firm has withdrawn ₹ 9,000 at the end of each quarter, throughout the year. Calculate interest on drawings at the rate of 6% per annum. 1

12. Wellness Co. Ltd. has issued 20,000, 9% Debentures of ₹ 100 each at a premium of 10% on 1st April, 2018 redeemable as follows: 1
31st March, 2021 – 10,000 debentures
31st March, 2022 – 4,000
debentures 31st March, 2023 –
balance debentures.

It transferred to Debentures Redemption Reserve the required amount as applicable rules of the Companies Act and Rules, 2014 on due date. How much amount will be transferred to General Reserve on 31st March, 2021

- a) ₹ 1,00,000 b) ₹ 2,50,000
c) ₹ 5,00,000 d) ₹ 20,00,000

13. Differentiate between 'Equity Share' and 'Debenture' on the basis of risk involved. 1

14. a) Calculate the amount of medicines consumed during the year ended 31st March, 2019 3

Particulars	Amount (₹)
Opening Stock of Medicines	50,000
Closing stock of Medicines	45,000 more than opening stock
Amount paid for medicines during the year	2,00,000
Opening Creditors	20,000
Closing Creditors	50% of opening creditors

OR

Distinguish between Income and Expenditure Account and Receipt and payment Account on basis of :-

- i. Nature
- ii. Nature of items
- iii. Period

15. a) L Ltd forfeited Mr M's shares who has applied for 600 shares and was allotted 400 shares failed to pay allotment money of ₹ 4 per share including premium of ₹ 2 on which he had paid application money of ₹ 2 only. Pass necessary journal entries for forfeiture of shares by opening call in arrear, call in advance account. 4

b) Crown Ltd forfeited 50 shares of ₹ 10 each, for non- payment of final call money of ₹ 3 per share. Out of these 20 shares were reissued to Taj at ₹ 8 per share. Record the journal entries for forfeiture and reissue of shares assuming that the company maintains call in arrear, call in advance account.

OR

4

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.

16. The firm of R, K and S was dissolved on 31.3.2019. Pass necessary journal entries for the following after various assets (other than cash and Bank) and the third party liabilities had been transferred to realisation account. 4

(i) K agreed to pay off his wife's loan of ₹ 6,000.

- (ii) Total Creditors of the firm were ₹ 40,000. Creditors worth ₹10,000 were given a piece of furniture costing ₹8,000 in full and final settlement. Remaining creditors allowed a discount of 10%.
- (iii) A machine that was not recorded in the books was taken over by K at ₹ 3,000 whereas its expected value was ₹ 5,000.

The firm had a debit balance of ₹ 15,000 in the profit and loss A/c on the date of dissolution.

17. Dinesh, Alvin and Pramod are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their Balance Sheet as at March 31, 2018 was as follows: -
Balance Sheet of Dinesh, Alvin and Pramod As at 31st March, 2018

4

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	50,000	Debtors	15,000
General Reserve	40,000	Fixed Assets	67,000
Bills Payable	10,000	Investments	40,000
Dinesh's Capital	30,000	Stock	25,500
Alvin's Capital	40,000	Cash in Hand	36,000
Pramod's Capital	30,000	Deferred Revenue	
		Expenditure	14,000
		Dinesh's Loan Account	2,500
	2,00,000		2,00,000

Dinesh died on July 1, 2018, The executors of Dinesh are entitled to:-

- i. His share of goodwill. The total goodwill of the firm valued at ₹50,000.
- ii. His share of profit up to his date of death on the basis of actual sales till date of death. Sales for the year ended March 31, 2018 was ₹ 12, 00,000 and profit for the same year was ₹ 2,00,000. Sales shows a growth trend of 20% and percentage of profit earning remains the same.
- iii. Investments were sold at par. Half of the amount due to Dinesh was paid to his executors and for the balance, they accepted a Bills Payable.

Prepare Dinesh's Capital account to be rendered to his executors.

OR

4

Danish, Ana and Pranjal are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their books are closed on March 31st every year.

Danish died on September 30th, 2019, The executors of Danish are entitled to:-

- i. His share of Capital i.e. ₹ 5,00,000 along-with his share of goodwill. The total goodwill of the firm was valued at ₹ 60,000.

- ii. His share of profit up to his date of death on the basis of sales till date of death. Sales for the year ended March 31, 2019 was ₹ 2,00,000 and profit for the same year was 10% on sales. Sales shows a growth trend of 20% and percentage of profit earning is reduced by 1%.

Amount payable to Danish was transferred to his executors.
Pass necessary Journal Entries and show the workings clearly.

18. Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of ₹ 2,00,000. The firm incurred a loss of ₹22,00,000 for the year ended 31st March,2018. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account. 4

OR

The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2017, ₹ 80,000 in the ratio of 3:3:2 without providing for the following adjustments:

- a) Alia and Chand were entitled to a salary of ₹ 1,500 each p.m.
b) Bhanu was entitled for a salary of ₹ 4,000 p.a.

Pass the necessary Journal entry for the above adjustments in the books of the firm. Show workings clearly.

19. From the following Receipts and Payments Accounts of Rolaxe Club, for the year ended 31st March, 2019.
Prepare Income and Expenditure Account for the year ended 31st March, 2019.

6

Receipts and Payments Account for the year ended 31st March, 2019

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d Cash in hand	17,050	By Advertisement	13,100
Current a/c with bank	18,570	By Rent rates and Taxes	14,000
To Donations	20,000	By Repairs	15,000
To Proceeds from charity Show	16,200	By Printing and Stationery	16,000
To Subscription	52,000	By Government Bonds	5,000
To Life membership fees	5,250	By Telephone Expenses	1,000
To Entrance Fees	6,000	By Furniture (purchased on 1 st July, 2018)	70,000
To Interest on investment @ 7% for the year.	7,200	By Balance c/d Cash in hand Cash at Bank	3,170 5,000
	1,42,270		1,42,270

Additional Information :-

- Depreciate furniture by 15% p.a.
- There were 416 Life Members on 31.3.2018 the subscription payable by each member, to be a life time member is ₹ 125

Subscription outstanding on 31 st March, 2018	6,000
Subscription outstanding on 31 st March, 2019	7,000
Subscription received in advance on 31 st March, 2018	4,000
Subscription received in advance on 31 st March, 2019	5,000

20. Anshika Ltd. issued applications for 2,00,000 equity shares of ₹10 each, at a premium of ₹4 per share. The amount was payable as follows: On application ₹ 6 (including ₹2 premium) On allotment ₹ 7 (including ₹2 premium) Balance on first and final call Applications for 3,00,000 shares were received. Allotment was made to all the applicants on pro-rata basis. Mehak to whom 400 shares were allotted, failed to pay allotment and call money. Khushboo who had applied for 300 shares failed to pay call money. These shares were forfeited after Final call. 400 of the forfeited shares (including all shares of Khushboo) were reissued @ ₹8 per share as fully paid up.

6

Pass necessary journal entries in the books of Anshika Ltd. for the above transactions by opening calls in arrears and calls in advance account wherever necessary.

OR

Faith and Belief Ltd has total redeemable debentures of ₹ 5,00,000. It decides to redeem these debentures in two installments of ₹ 3,00,000 and ₹ 2,00,000 on December 31st 2018 and March 31st 2020 respectively. Assuming that the Company has sufficient funds in Debenture Redemption Reserve Account, pass necessary journal entries for the year ending March 31st 2020.

21. Mohan, Vinay and Nitya were partners in a firm sharing profits and losses in the proportion of 1/2, 1/3 and 1/6 respectively. On 31st March, 2018, their Balance Sheet was as follows.

8

Balance Sheet of Mohan, Vinay and Nitya as at 31st March, 2018

Liabilities	Amount	Assets	Amount
Creditors	48,000	Cash at Bank	31,000
Employee's Provident Fund	1,70,000	Bills Receivables	54,000
Contingency Reserve	30,000	Book Debts	63,000
Capital		Less : Provision for Doubtful debts	2000
Mohan	1,20,000		61,000
Vinay	1,00,000	Plant and Machinery	1,20,000
Nitya	<u>90,000</u>	Land and Building	2,92,000
	5,58,000		5,58,000

Mohan retired on the above date and it was agreed that:

- Plant and machinery will be depreciated by 5%.
- An old computer previously written off was sold for ₹ 4,000.
- Bad debts amounting to ₹ 3,000 will be written off and a provision of 5% on debtors for bad and doubtful debts will be maintained.
- Goodwill of the firm was valued at ₹ 1,80,000 and Mohan's share of the same was credited in his account by debiting Vinay's and Nitya's accounts.
- The capital of the new firm was to be fixed at ₹ 90,000 and necessary adjustments were to be made by bringing in or paying off cash as the case may be.
- Vinay and Nitya will share future profits in the ratio of 3 : 2.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

OR

Gautam and Yashica are partners in a firm, sharing profits and losses in 3:1 respectively. The balance sheet of the firm as on 31st March 2018 was as follows:

8

Balance Sheet As at 31.3.2018

Liabilities	Amt(₹)	Assets	Amt(₹)
Sundry creditors	50,000	Furniture	60,000
Bills payable	30,000	Stock	1,40,000
Capitals		Debtors	80,000
Gautam 4,00,000		Cash in hand	90,000
Yashica 1,00,000		Machinery	2,10,000
	5,00,000		
	5,80,000		5,80,000

Asma is admitted as a partner for 3/8th share in the profits with a capital of ₹2,10,000 and

₹50,000 for her share of goodwill. It was decided that:

- New profit sharing ratio will be 3:2:3
- Machinery will depreciated by 10% and Furniture by ₹5,000.
- Stock was re-valued at ₹ 2,10,000.
- Provision for doubtful debts is to be created at 10% of debtors.
- The capitals of all the partners were to be in the new profit sharing ratio on basis of capital of new partner any adjustment to be done through current accounts.

Prepare Revaluation Account, Partners Capital Account and the Balance Sheet of the new firm.

22. 'KLN Ltd.' invited applications for issuing 1,00,000 shares of Rs10 each at a premium of Rs 2 per share. The amount was payable as follows:

8

On Application – Rs 3 per share (including premium 1)

On Allotment Rs 4 per share (including premium Rs 1)

On First call – Rs 3 per share

On Second and Final Call – Balance amount

Application for 1,90,000 shares were received. Allotment was made to the applicants as follows:

Category	No. of Shares Applied	No. of Shares
Allotted I	50,000	40,000
II	1, 00,000	60,000

Remaining applications were rejected.

Rajat, a shareholder belonging to Category I who had applied for 2,500 shares, failed to pay the amount due on allotment and first call. His shares were immediately forfeited.

Reema, a shareholder belonging to Category II who was holding 3,000 shares failed to pay the first call and second call money. Her shares were also forfeited.

Afterwards 4,000 shares were reissued @ ` 8 per share fully paid up. These

included all the forfeited shares of Reema.

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

OR

Saregama Ltd invited applications for issuing 80,000 equity shares of ₹ 100 each at a premium of ₹ 10. The amount was payable as follows 8

On Application – ₹ 30

On allotment – ₹ 30 (including a premium of ₹ 10)

On 1st call – ₹ 30

On Final Call Balance

Applications of 1,20,000 shares were received. Allotment was made on pro rata basis to all applicants. Excess money received on application was adjusted on sums due on allotment. Dhvani, who was allotted 1,600 shares, failed to pay allotment money and Sargam who applied of 6,000 shares did not pay 1st call money. These shares were forfeited immediately after 1st call.

2,000 of these shares (including all shares of Dhvani were issued to Tarang for ₹ 95 per share as 80 paid up. Pass necessary journal entries in books of Saregama Ltd. by opening call in arrear, call in advance account, if final call has not been made.

PART B

OPTION 1

(Analysis of Financial Statements)

23. Under which type of activity will you classify 'Cash advances and loans made to third party' while preparing Cash Flow Statement? 1
24. State the primary objective of preparing 'Cash Flow Statement.' 1
25. Debt Equity Ratio of a company is 1:2. Purchase of a Fixed asset for ₹ 5,00,000 on long term deferred payment basis will increase, decrease or not change the ratio? 1
26. M/s Mevo and Sons.; a bamboo pens producing company, purchased a machinery for ₹ 9,00,000. It received dividend of ₹ 70,000 on investment in shares. The company also sold an old machine of the book value of ₹ 79,000 at a loss of ₹ 10,000. Compute Cash flow from Investing Activities. 1
27. Whether the following statement is True or False. 1
'Patents purchased by a company will be an operating activity.'
28. Current asset Rs 7,50,000 and working capital Rs 2,50,000. Calculate current ratio. 1
29. Net profit before interest and tax Rs 2,50,000, Capital employed Rs 10,00,000. Calculate Return on Investment. 1
30. Calculate amount of Opening Trade Receivables and Closing Trade Receivables from the following figures: 3

Trade Receivable Turnover ratio	5 times
Cost of Revenue from Operations	₹ 8,00,000
Gross Profit ratio	20%

Closing Trade Receivables were ₹ 40,000 more than in the beginning	
Cash sales being ¼ times of Credit sales	

OR

Under which major heads and sub-heads will the following items be placed in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013?

3

- (i) 10% debentures
- (ii) Securities Premium Reserve
- (iii) Provision for Tax

31. From the following Balance Sheet of R Ltd., Prepare a Common Size Statement Balance Sheet As at 31st March, 2018.

4

Particulars	Note no.	31.3.2018 (₹)	31.3.2017 (₹)
I EQUITY AND LIABILITIES			
1. Shareholder Funds:			
a. Share Capital		2,50,000	2,00,000
b. Reserve and Surplus		80,000	60,000
2. Current Liabilities:			
a. Trade Payable		70,000	40,000
Total		4,00,000	3,00,000
II ASSETS			
Non-Current Assets:			
a. Fixed Assets:			
a) Tangible Assets		1,60,000	1,20,000
b) Intangible Assets		20,000	30,000
2. Current Assets			
a) Inventories		80,000	30,000
b) Trade Receivables		1,20,000	1,00,000
c) Cash and Cash		20,000	20,000
Equivalent			
Total		4,00,000	3,00,000

OR

Following information is extracted from the Statement of Profit and Loss of Crypto Finance Ltd. For the year ended 31st March 2017 and 31st March 2018. Fill in the missing figures

**Comparative Statement of Profit and Loss
for the years ended 31st March 2017
and 31st March 2018**

Particulars	2016-17 (₹)	2017-18 (₹)	Absolute Increase/Decrease (₹)	Percentage Increase/Decrease (%)
Revenue from Operations	10,00,000	?	2,00,000	20%
Add other Income	?	60,000	?	20%
Total Revenue	?	12,60,000	?	20%
Less Employee Benefit Expenses	50,000	60,000	10,000	?
Profit before tax	10,00,000	12,00,000	2,00,000	?
Less Tax (50%)	5,00,000	6,00,000	1,00,000	?
Profit after tax	5,00,000	6,00,000	1,00,000	20%

32. From the following Balance Sheet of DCX Ltd. and the additional information as at 31st March, 2018 prepare a Cash Flow Statement :

DCX Ltd.

Balance sheet as at 31st March, 2018

Particulars	Note No.	31.3.2018	31.3.2017
I – Equity and Liabilities :			
1. Shareholder's Funds :			
(a) Share Capital	1	30,00,000	21,00,000
(b) Reserves and Surplus		4,00,000	5,00,000
2. Non-Current Liabilities :	2		
Long-term Borrowings		8,00,000	5,00,000
3. Current Liabilities :			
(a) Trade Payables		1,50,000	1,00,000

(b) Short – term Provisions		3	76,000	56,000
	Total		44,,26,000	32,56,000
II – Assets :				
Non-Current Assets :				
Fixed Assets :				
(i) Tangible Assets		4	27,00,000	20,00,000
(iii) Intangible Assets			8,00,000	7,00,000
Current Assets :				
(a) Current Investments			89,000	78,000
(b) Inventories			8,00,000	4,00,000
(c) Cash and cash equivalentents			37,000	78,000
	Total		44,26,000	32,56,000

Notes to Accounts :

Note No.	Particulars	31.3.2018	31.3.2017
1	Reserves and Surplus : (Surplus i.e. Balance in the Statement of Profit and Loss)	4,00,000	5,00,000
		4,00,000	5,00,000
2	Long-term Borrowings : 8% Debentures	8,00,000	5,00,000
		8,00,000	5,00,000
3	Short – term Provisions : Provision for Tax	76,000	56,000
		76,000	56,000
4	Tangible Asset : Machinery Less : Accumulated Depreciation	33,00,000 (6,00,000)	25,00,000 (5,00,000)
		27,00,000	27,00,000

Additional Information:

- (i) During the year a machinery costing Rs 8,00,000 on which accumulated depreciation was Rs3,20,000 was sold for Rs 6,40,000.
- (ii) Debentures were issued on 1st April, 2017