PREBOARD TERMINAL EXAMINATION JAN/FEB -2018
ACCOUNTANCY (055)
SET A

CLASS : XII MAX MARKS: 80
DATE : DURATION : 3 HRS

GENERAL INSTRUCTIONS:
*Please check that this paper contains 23 questions
*The paper contains two parts A and B
*All parts of a question should be attempted in one place

PART A: PARTNERSHIP AND COMPANY ACCOUNTS

1. What is meant by employee's stock option scheme? **(1)**
2. State the provisions of Companies Act ,2013 for creation of "Debenture Redemption investment" **(1)**
3. Give journal entry to distribute workmen compensation reserve of Rs. 60,000 at the time of retirement of Z when there is a claim of Rs. 10,000 against it the firm had three partners X, Y, Z sharing profits in the ratio 5:3:2.**(1)**
4. Kumar , Verma and Naresh were partners in a firm sharing profit and losses in the ratio 3:2:2. On 23 rd January 2017, Verma died .Verma's share of profit till the date of death was calculated at Rs. 2,350.Pass necessary journal entry for the same in the books of the firm.**(1)**
5. Gupta and Sharma were partners in a firm. They wanted to admit two or more members in the firm. List the categories of individuals other than minors who cannot be admitted by them.**(1)**
6. A and B were partners in a firm sharing profits and losses in the ratio of 3:4. They admitted C as a new partner. The new profit sharing ratio is 3:2:2. A surrendered ¼ of his share in favour of C. calculate B 's sacrifice.**(1)**
7. S Ltd was formed with a nominal capital of Rs.50, 00,000 divided into 50,000 shares of Rs. 100 each. The company offers 30,000 shares to the public payable Rs 30 per share on application , Rs 30 per share on allotment and the balance on first and final call. Applications were received for 28,000 shares. All money payable on allotment was duly received except on 500 shares held by X. First and final call was not made by the company.
How would you show share capital in the balance sheet of S Ltd. Also prepare notes to accounts.**(3)**
8. M ,N ,O entered into partnership of manufacturing electronics introducing capitals of Rs. 3,00, 000 Rs. 2,00,000 and Rs. 1,00,000 respectively. They decided to develop the skills of their employees both in the educational and technical training programs. It is decided to set aside Rs. 20,000 for this purpose. They decided to share profits in the ratio 3:2:1. N and O guaranteed that M's share of profit after charging interest on capital @10% will not be less than Rs. 50,000. And any deficit will be borne equally. The profits for the year ended 31/3/15 amounted to Rs. 1, 70,000.
Prepare profit and loss appropriation account to show distribution of profits. Also identify the values adopted in partnership firm. **(3)**
9. Pass journal entries relating to issue of debentures:
(i) Issued Rs. 90,000, 10%debentures of Rs. 100 each at par, repayable at a premium of10%
(ii)Issued Rs. 26,000 ,9%debentures of Rs. 100 each at premium of 15%, repayable at par.

(iii)Issued Rs. 20,000 ,9%debentures of Rs. 100 each at a premium of 10%, repayable at a premium of 15%.**(1+1+1)**

10. Pass journal entries in the following cases:

(i) Expense on realization Rs.8, 400 was paid by partner Ravi.

(ii)Expenses on realization Rs. 8,400 were to be borne by khan, a partner. Khan used firm's cash for paying these expenses.

(iii)Realization expenses were to be borne by Deepak. A partner for whom he was allowed a commission of 2% of net cash realized from dissolution. The net cash realized from dissolution was Rs. 2, 00,000 and actual realization expense borne by firm were Rs. 8, 400.**(3)**

11. (i).2,100, 9% debentures of Rs. 100 each issued at par redeemable at 5%premium were converted into equity shares of 10 each at par. Pass necessary journal entries.

(ii). X Ltd obtained a loan of Rs. 1, 00,000 from SBI. The company issued 5,000, 9%debentures of Rs. 100 each as a collateral security for the same. Show how the items will be in the balance sheet of the company

(iii).P, O, S decided to provide transportation facility to specially abled studying in Mumbai University. What is the value involved in making such decisions. **(1.5+1.5+1)**

12. (i). Give journal entries for forfeiture and reissue of shares:

Manoj ltd forfeited 4,000 shares of Rs. 10 each, Rs. 7 called up, issued at a premium of 20% (to be paid at the time of allotment) for non payment of a first call of Rs. 2per share. Out of these 2,800 shares were reissued as fully paid up for Rs. 8 per share.

(ii). which value has been affected by forfeiting above mentioned 4,000 shares just after first call? Suggest a better alternative.

(iii). Sonia Ltd. took over assets of Rs. 8, 50,000 and liabilities of Rs. 1, 50,000 of Gopi Ltd. at an agreed price of Rs.8, 40, 000. The purchase consideration was discharged by issuing equity shares of Rs. 10 each at a premium of 20%. Give journal entries in the books of Sonia Ltd. **(1.5+1+1.5)**

13. S ,T,U,V were partners in a firm sharing profits in the ratio of 4:3:2:1. On 1./4/2016, their balance sheet was as follows:

LIABILITIES	*AMOUNT*	*ASSET*	*AMOUNT*
Capitals:		*Fixed assets*	*4,40,000*
S-2,00,000		*Current assets*	*2,00,000*
T-1,50,000			
U-1,00,000			
V-50,000	*5,00,000*		
Sundry creditors	*80,000*		
workmen compensation fund	*60,000*		
	6,40,000		***6,40,000***

From the above date partners decided to share the future profits in the ratio of 3:1:2:4. For this purpose the goodwill of the firm was valued at Rs. 90,000. The partners also agreed the following.

(i)The claim on workmen compensation fund has been estimated at Rs. 70,000

(ii) Adjust their capital accounts according to new profit sharing ratio by opening current accounts of the partners.

Prepare Revaluation account, Partners capital accounts and Balance sheet of the reconstituted company.**(6)**

14. The balance sheet of X,Y,Z who are sharing profits in the ratio 5:3:2 as at 31/3/2007.

Liabilities	*Amount*	*Asset*	*Amount*
Creditors	*50,000*	*Cash at bank*	*40,000*
Employee provident fund	*10,000*	*Sundry debtors*	*1,00,000*
Profit and loss account	*85,000*	*Stock*	*80,000*
Capitals:		*Fixed assets*	*60,000*
X:40,000			
Y:62,000			
Z:33,000	*1,35,000*		
	2,80,000		***2,80,000***

X retired on the same date and y and z decided to share profits in the future in the ratio of 2:3 respectively. The other terms of retirement were as follows:

(i)Goodwill of the firm is to be valued at Rs. 80,000, fixed assets are to be depreciated to Rs. 57,500.

(ii)Make a provision for doubtful debts at 5%on debtors

(iii)A liability for claim, included in the creditors for Rs. 10,000 is paid Rs. 8000 in full settlement.

(iv)The amount to be paid to X,Y,Z in such a way that their capitals are proportionate to their profit sharing ratio and leave a balance of Rs. 15,000 in the bank account.

Prepare profit and loss adjustment account and partners capital account.**(6)**

15. (i) X, Y, Z are partners in a firm sharing profit in the ratio of 1:1:3 respectively. Their capital accounts showed the following balances on 31/3/2016: X-70,000, Y- 90,000 Z-2, 50,000. Firms close its accounts every year on 31 March. X died 30th September 2016. In the event of death of any partner, the partnership deed provides for the following

(a) Interest on capital will be calculated at the rate of 6% p.a

(b) The deceased partner share in goodwill of the firm will be calculated on the basis of 2 years purchase of the average profit of last 3 years. The profits of the firm for the last 3 years were Rs. 80,000, Rs. 90,000,Rs. 1,30,000 respectively

(c) His share of reserve fund of the firm will be paid. Reserve fund of the firm was Rs. 60,000 at the time of X 's death

(d) His share of profit till the date of death will be calculated on the basis of sales. It is also specified that the sales of 2015-2016 were Rs. 20,00, 000. The sales from 1/4/2016 to 30/9/2016 were Rs. 4, 00, 000. The profit of the firm for the year ending 31/3/2016 was Rs. 2, 00,000.

Prepare X's capital account to be presented to his legal representatives.

(ii). A, B , C were partners in a firm sharing profits in the ratio of 2:2:1. They admitted D for1/6 share in profits. The new profit sharing ratio is 13:8:4:5 respectively brought Rs.1,20,000 for his capital and Rs.1,20, 000 for his share of goodwill. Pass necessary journal entries.**(4+2)**

16. X,Y, Z are partners sharing profits in the ratio 1:2:2. Their balance sheet on the date of dissolution was as follows:

LIABILITIES	AMOUNT	ASSET		AMOUNT
Investment fluctuation reserve	20,000	Land and building		4,00,000
Creditors	1,80,000	Stock		2,50,000
Bills payable	60,000	Investment		50,000
Bank loan	1,50,000	Bills receivables		20,000
Outstanding expense	10,000	Debtors	1,80,000	
Capitals:		less: provisions	15,000	1,65,000
y:4,00,000		Deferred reserve expense		30,000
Z:3,00,000	7,00,000	Bank		1,20,000
		Cash		35,000
		Capital account:		
		X:		50,000
	11,20,000			**11,20,000**

The dissolution resulted in the following:

a. Land and building realized at book value and bad debts amounted to Rs. 20,000
b. Stock was valued at 80% of cost and this was taken by Y and Z in the ratio of 3:1
c. Investments were realized at Rs. 45,000. Y took over bills receivable at 15% discount
d. Creditors and bills payable were due on the average basis of one month after 31 march but were paid immediately on 31 march @10% discount per annum
e. Bank loan was discharged together with interest for 2 months @12%per annum
f. There was an un recorded asset of Rs. 20,000 which was taken over by Y at Rs. 14,000
g. Realization expense amounting to Rs. 10,000 were paid by partner Y

Prepare necessary accounts **(8)**

OR

A and B are partners in a firm sharing profits in the ratio of 3:2. Their balance sheet as at 31 march 2014 stood as under:

LIABILITIES	AMOUNT	ASSET		AMOUNT
Capitals:		Machinery		33,000
A-35,000		Furniture		15,000
B-30,000	65,000	Investment		20,000
General Reserve	10,000	Stock		23,000
Sundry creditors	36,000	Debtors	19,000	
Bank loan	9,000	Less:Provision	(2,000)	17,000
		Cash		12,000
	1,20,000			**1,20,000**

On the date they admitted C into partnership for¼ share in the profit on the following terms:

a. C brings capital proportionate to his share. He brings Rs. 7,000 in cash as his share of Goodwill.
b. Debtors are all good
c. Depreciate stock by 5% and furniture by 10%

d. An outstanding bill of repairs Rs. 1,000 will be brought in the books.

e. Half of the investment were to be taken over by A and B in the profit sharing ratio at book value

f. Bank loan is to be paid off

g. Partners agreed to share profits in the ratio 3:3:2.

Prepare Revaluation account, Partners capital account and Balance sheet after admission of C into partnership. **(8)**

17. Shiva Ltd invited applications for issuing 2,00,000 equity shares of Rs. 100 each at a premium of Rs.60 per share. The amount was payable as follows:

On Application: Rs. 30(including Rs. 10 premium)
On Allotment : Rs. 70(including Rs. 50 premium)
On first and final call : Balance

Applications were received for 1, 90,000 shares. Shares were allotted to all the applicants and the company received all the money due on allotment except Jain who had been allotted 1000 shares and his shares were forfeited. Afterwards first and final call was made. Gupta did not pay the first and final call money on his 2,000 allotted shares. His shares were also forfeited. 50% of the forfeited shares of both Jain and Gupta were reissued for Rs. 90 per share fully paid up.

Pass the necessary journal entries in the books of Shiva Ltd. for the above transactions.**(8)**

OR

(i). On 1/4/15 J Ltd. issued 500 9%debenture of Rs. 500 each at a discount of 4% redeemable at a premium of 5%after 3 years. Pass necessary journal entries for the issue of debentures and debenture interest for the year ended 31st march 2016 assuming interest is payable on 30 September and 31 march and the rate of TDS is 10%. The book closes on 31st march every year.

(ii)X Ltd redeemed its 12% debentures at a premium of 10%. Out of the profits on 30th June 2016 following is the journal entries. Fill up the missing figures.

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DATE	PARICULARS	LF	DEBIT	CREDIT
30/6/2014	………………………………… Dr		…………………	
	TO………………………..			…………….
	(being profit transferred to…………..)			
30/6/2014	12% debenture a/c Dr		80,00,000	
	………………………………… Dr		…………….	
	TO debenture holder account			…………….
30/6/2014	………………………………… Dr		…………….	
	TO………………………..			…………………
	(Being payment made to debenture holders)			
30/6/2014	………………………………… Dr		………….	
	TO………………………..			…………………
	(being DRR transferred to general reserve)			

(5+3)

PART -B : ANALYSIS OF FINANCIAL STATEMENTS

18. What is meant by "contigent liabilities".**(1)**

19. "An enterprise may hold securities and loans for dealing or trading purpose in which case they are similar to inventory acquired specifically for resale". Is this statement correct? Cash flows from these activities will be classified under which type of activity while preparing cash flow statement.**(1)**

20. (i)State the significance of "Financial Statement Analysis" to Creditors.

(ii)List the items that are shown under the head 'short term borrowing' in the Balance sheet of a company as per schedule III of the Companies Act, 2013**(1.5+2.5)**

21. The following information is related to Vij ltd is provided to you:

Share capital Rs.80, 000, general reserve Rs. 40,000,15%loanRs.50, 000, revenue from operations Rs.1,00,000, tax paid during the year Rs.20,000 profit after interest and tax Rs.40, 000

The company actively participated in a noble cause for promoting 'education for girls'. For this purpose, the company contributed a part of its profit to some schools to provide scholarships to girls in the underdeveloped villages of the country.

(i)From the above information, calculate the following ratios:

(a)Debt to Equity ratio

(b)Return on Investment

(ii)Identify the values depicted by company's contribution to girls' education.**(3+1)**

22. From the following extract of the statement of Profit and Loss for two years ended on March, 2016 and 2017of XYZ Ltd, prepare a comparative Statement of Profit and Loss**(4)**

Particulars	**Note no**	**31/3/2015**	**31/3/2016**
Revenue from operations		8,00,000	5,00,000
Cost of materials consumed		70% of revenue from operations	60% of revenue from operations
Other expense		24,000	20,000
Income tax rate		40% of the net profit before tax	40% of the net profit before tax

23. From the following balance sheet of J Ltd as at 31/3/2015 and 31/3/2014, prepare a Cash flow statement considering the following:

<u>ADDITIONAL INFORMATION</u>

(i) Machinery costing Rs. 1,00,000 on which depreciation charged was Rs. 70,000 was sold at a profit of 20%. Depreciation charged during the year amounted to Rs. 70,000.

(ii) Preference shares were redeemed at a premium of 10%on 31/3/2015

(iii) Debentures were redeemed on 1/1/2015 and equity shares were issued on 1/4/2014.

(iv)The company declared and paid dividend on equity shares @8%

(v) Non current investment costing Rs. 60,000 were sold at a profit of 20%.**(6)**

PARTICULARS	NOTE NO	31.3.2016	31.3.2015
1. Equities and liabilities			
(1)Share holders funds			
(a)Share capital	1	7,00,000	5,00,000
(b)Reserves and surplus	2	2,50,000	3,25,000
(2)Non current liabilities			
Long term borrowings	3	2,00,000	2,50,000
Total		**11,50,000**	**10,75,000**
2.assets			
(1) non current assets			
(a)Fixed assets			
(i) Tangiable(machinery)		5,00,000	3,00,000
(b)Non current investment		2,00,000	1,40,000
(2)current assets			
(A)trade receivables		1,50,000	2,00,000
(B)inventories		1,80,000	1,50,000
(C)cash and cash equivalents		1,20,000	2,85,000
Total		**11,50,000**	**10,75,000**

Notes to accounts:

Particulars	NOTE NO	31.3.2016	31.3.2015
Share capital	1		
Equity share capital		6,00,000	3,00,000
12%preference share capital		1,00,000	2,00,000
Reserves and surplus	2		
General reserve		1,50,000	3,75,000
Surplus(balance in the statement of profit and loss)		1,00,000	(50,000)
Long term borrowings(9%Debentures)	3	2,00,000	2,50,000