

PRE-BOARD EXAMINATION-2020-21

SUBJECT - ACCOUNTANCY

Class: XII (CBSE).

Date.....

Total Marks: 80

Time: 3 hrs.

General Instructions:

1. This question paper contains two Parts A and B.
2. Both the parts are compulsory.
3. Show the necessary working notes along with answer
4. All parts of a question should be attempted at one place

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 When the incoming partner brings in his share of premium for goodwill in cash. it is adjusted by crediting to 1
 - (a) Incoming Partner's Capital Account
 - (b) Premium for Goodwill Account
 - (c) Sacrificing Partner's Capital Account
 - (d) None of the above

- 3 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;

- 4 On dissolution of a partnership firm, Goodwill if appearing in the Balance Sheet, is transferred to the-----Account. 1

- 5 Amit, a partner in a partnership firm withdrew ₹ 7,000 in the beginning of each quarter. For how many months would interest on drawings be charged? 1

- 6 Ankit, Unnati and Aryan are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 2:3:5 with effect from 1st April,2018. They had the following balance in their balance sheet, passing necessary Journal Entry: 1

Particulars	Amount(₹)
Profit and loss Account (Dr)	60,500

- 7 X and Y shared profits and losses in the ratio of 3:2. With effect from 1st April, 2019 they agreed to share profits equally. The goodwill of the firm was valued at 60,000. The necessary single adjustment entry will be: 1

- (a) Dr. Y and Cr. X with 6,000. (c) Dr. X and Cr. Y with 6,000.
 (b) Dr. X and Cr. Y with 600. (d) Dr. Y and Cr. X with 600.

- 8** Riyansh, Garv and Kavleen were partners in a firm sharing profit and loss in the ratio of 8:7:5. On 2nd November 2018, Kavleen died. Kalveen’s share of profits till the date of her death was calculated at ₹ 9,375. Pass the necessary journal entry. **1**
- 9** A and B are partners in a firm sharing profits and losses in the ratio of 3:2. On 1st April, 2019 they decided to admit C their new ratio is decided to be equal. Pass the necessary journal entry to distribute Investment Fluctuation Reserve of ₹ 60,000 at the time of C’s admission, when Investment appear in the books at ₹ 2,10,000 and its market value is ₹ 1,90,000. **1**
- 10** ‘Complete the following statement’ **1**
 When a liability is discharged by a partner, at the time of dissolution, Capital Account is credited because _____
- 11** A and B are in partnership sharing profits and losses in the ratio of 3:2. They admit C into partnership with 1/5th share which he acquires equally from A and B. Accountant has calculated new profit sharing ratio as 5:3:2. Is accountant correct? **1**
- 12** Discount on Issue of Debenture is written off in the year in which debentures are issued, first from _____ and thereafter from _____. **1**
- 13** A portion of share capital that is reserved by the company and will be utilized only on the happening of winding up of the company is called _____. **1**
- 14** Calculate the amount to be debited to Income and Expenditure Account under the heading ‘Sports items for the year 2018-19 in respect of the Cosmopolitan Club: **3**

PARTICULARS	₹
Stock of sports items on 1st April, 2018	44,700
Stock of sports items on 31st March, 2019	24,500
Paid for sports items during the year	97,900
Creditors for supplies of sports items on 31st March, 2019	26,500

Or

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

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

- 15 Danish, Ana and Pranjal are partners in a firm sharing profits and losses in the ratio of 5:3:2. 4
Their books are closed on March 31st every year.
Danish died on September 30th, 2019, The executors of Danish are entitled to:-
- 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.
 - 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 working notes
- 16 Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is 4
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.
- 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:
- Alia and Chand were entitled to a salary of ₹ 1,500 each p.m.
 - 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.
- 17 Bliss Products Ltd. registered with capital of ₹ 90,00,000 divided into 90,000 equity 4
shares of ₹ 100 each. The company issued prospectus inviting applications for 50,000 equity shares of ₹ 100 each payable as ₹ 20 on application, ₹ 30 on allotment, ₹ 20 on first call and balance on second call.
Applications were received for ₹40,000 shares. Raman to whom 1600 shares were allotted failed to pay final call money and these shares were forfeited. Of the forfeited shares, 600 shares were reissued to Sukhman, credited as fully paid for ₹ 90 per share. Present the Share Capital as per Schedule III of Companies Act, 2013
- 18 The firm of R, K and S was dissolved on 31.3.2019. Pass necessary journal entries for the 4
following after various assets (other than cash and Bank) and the third party liabilities had been transferred to realisation account.
- K agreed to pay off his wife's loan of ₹ 6,000.
 - 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%.
 - 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.

- 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.

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

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

Additional Information :-

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

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 Journalise the following transactions

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- a) Mehar Ltd. issued ₹ 1,00,000, 12% Debentures of ₹ 100 each at a premium of 5% redeemable at a premium of 2%
- b) 12 % Debentures were issued at a discount of 10% to a vendor of machinery for payment of ₹ 9,00,000
- c) Issue of 10,000 11% debentures of ₹ 100 each as collateral in favour of State Bank of India. Company opted to pass necessary entry for issue of debentures.

OR

a) Gopalan Ltd issued 5,000; 9% Debentures of ₹100 each at ₹ 6 par and also raised Long-term loan of ₹80,000 from bank, collaterally secured by issue of 1,000; 9% Debentures of ₹100 each. Pass the Journal entry for issue of debentures as collateral security. How will it be shown in the Note to Accounts?

b) Pilot Pens Ltd purchased Machinery of ₹55,000 from Kiran Machines Ltd. 10% was paid by Pilot Pens Ltd by accepting a Bill of exchange in favour of Kiran Machines Ltd and the balance was paid by issue of 9% Debentures of ₹ 100 each at par, redeemable after five years. Pass necessary Journal entries in the books of Pilot Pens Ltd.

- 21 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:

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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.

Prepare Revaluation Account, Partners Capital Account and show journal entries for the above adjustments.

Or

X,Y and Z were in partnership sharing profits in proportion to their capitals. Their Balance Sheet as on 31st March, 2018 was as follows:

Liabilities	Amount (₹)	Particulars	Amount (₹)
Sundry Creditors	16,600	Cash	15,000
Workmen's Compensation Fund	9,000	Debtors 21,000 Less-Prov for Doubtful Debts (1400)	19,600
General Reserve	6,000	Stock	19,000
Capitals :		Machinery	58,000
X 90,000		Building	1,00,000
Y 60,000	1,80,000		
Z 30,000			
	2,11,600		2,11,600

On the above date, Y retired owing to ill health. The following adjustments were agreed upon for calculation of amount due to Y.

- Provision for Doubtful Debts to be increased to 10% of Debtors.
- Goodwill of the firm be valued at ₹ 36,000 and be adjusted into the Capital Accounts of X and Z, who will share profits in future in the ratio of 3:1.
- Included in the value of Sundry Creditors was ₹ 2,500 for an outstanding legal claim, which will not arise.

e) Y to be paid ₹ 9,000 immediately and balance to be transferred to his Loan Account. Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the new firm after Y's retirement.

22 Saregama Ltd invited applications for issuing 80,000 equity shares of ₹ 100 each at a premium of ₹ 10. The amount was payable as follows On Application – ₹ 30 **8**

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 for 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.

Or

- a. X Ltd. forfeited 10 shares of ₹ 10 each, ₹ 7 called up on which the shareholder had paid application and allotment money of ₹ 5 per share. Out of these, 8 shares were re-issued to Y for ₹ 8 per share at ₹ 8 per paid up per share. Record the journal entries for forfeiture and reissue of shares by opening call in arrear, call in advance account.
- b. 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.
- c. 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.

PART B

(Analysis of Financial Statements)

- 23** What will be the effect on current ratio if a bills payable is discharged on maturity? **1**
- 24** The two basic measures of operational efficiency of a company are **1**
 - a) Inventory Turnover Ratio and Working Capital Turnover Ratio
 - b) Liquid Ratio and Operating Ratio
 - c) Liquid Ratio and Current Ratio
 - d) Gross Profit Margin and Net Profit Margin
- 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** State the importance of financial analysis for labour unions. **1**

- 27 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**
- 28 Whether the following statement is True or False. **1**
 ‘Patents purchased by a company will be an operating activity.’
- 29 While preparing Cash Flow Statement, match the following activities **1**
- | | | |
|------|--|-----------------------|
| I. | Payment of cash to acquire Debenture by an Investing Company | a. Financing activity |
| II. | Purchase of Goodwill | b. Investing Activity |
| III. | Dividend paid by manufacturing company | c. Operating activity |
- 30 From the following details calculate Interest Coverage Ratio: **3**
 Net profit after tax - ₹ 7,00,000
 6% debentures of ₹ 20,00,000
 Tax Rate 30%

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?

- (i) Debentures with maturity period in current financial year
 (ii) Securities Premium Reserve
 (iii) Provident Fund

- 31 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. Prepare common size statements. **4**

Particulars	Note no.	31.3.2019 (₹)	31.3.2018 (₹)
I EQUITY AND LIABILITIES			
1. Shareholder's Funds:			
a. Share Capital		5,00,000	4,00,000
b. Reserve and Surplus		1,60,000	1,20,000
2. Current Liabilities:			
a. Trade Payable		1,40,000	80,000
Total		8,00,000	6,00,000
II ASSETS			
1. Non-Current Assets:			
a. Fixed Assets:			
i. Tangible Assets		3,20,000	2,40,000
ii. Intangible Assets		40,000	60,000
2. Current Assets			
a. Inventories		1,60,000	60,000
b. Trade Receivables		2,40,000	2,00,000
c. Cash and Cash Equivalents		40,000	40,000
Total		8,00,000	6,00,000

- 32 From the following Balance Sheet of Dreams Converge Ltd as at 31.3.2018 and 31.3.2017; Calculate Cash from operating activities. Showing your workings clearly

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Particulars	Note No.	31.3.2018 (₹)	31.3.2017 (₹)
I. EQUITY AND LIABILITY :			
1. Shareholder's Fund:		7,00,000	5,00,000
a. Share Capital			
b. Reserve and Surplus		3,50,000	2,00,000
2. Non-Current Liabilities:			
Long Term Borrowings		50,000	1,00,000
3. Current Liabilities:			
a. Trade Payables		1,22,000	1,05,000
b. Short term Provisions (Provision for tax)		50,000	30,000
TOTAL		12,72,000	9,35,000
II. ASSETS :			
1. Non Current Assets:			
a. Fixed Assets:			
i. Tangible Assets	1	5,00,000	5,00,000
ii. Intangible Assets	2	95,000	1,00,000
b. Non-current Investments		1,00,000	Nil
2. Current Assets:			
a. Inventory		1,30,000	55,000
b. Trade Receivable		1,47,000	80,000
c. Cash and Cash Equivalents		3,00,000	2,00,000
TOTAL		12,72,000	9,35,000

Number	Particulars	31.3.2018 (₹)	31.3.2017 (₹)
1	Tangible Assets:		
	Machinery	2,80,000	2,00,000
	Accumulated depreciation	(1,00,000)	(80,000)
		1,80,000	1,20,000
	Equipment	3,20,000	3,80,000
		5,00,000	5,00,000
2	Intangible Assets :		
	Goodwill	95,000	1,00,000

Additional Information:

- i. Machinery of the book value of 80,000 (accumulated depreciation ₹ 20,000) was sold at a loss of ₹ 18,000
