

INTERNATIONAL INDIAN SCHOOL – DAMMAM
PRELIMINARY EXAMINATION – 2015 -16

CLASS : XII

SUB : ACCOUNTANCY

PART - A

MAX. MARKS : 80

TIME : 3 Hrs.

General Instructions :

SET - A

- i) This question paper contains three parts A,B and C .
 - ii) Part A is compulsory for all candidates.
 - iii) Candidates can attempt only one part of the remaining parts B & C
 - iv) All parts of the questions should be attempted at one place.
- Q.1 Profit /Loss is distributed amongst the partners : 1
a) Equally b) As per partnership deed c) Ratio of capitals d) None of these
- Q.2 A and B are partners sharing in the ratio of 5:3. They admit C for 1/3rd share, half of which he acquires in equal proportions from both A & B and remaining half is given by A alone. What is sacrificing ratio between A and B ? 1
- Q.3 For which of the following purposes, securities premium can be used ? 1
a) In writing off the discount on issue of debenture of the company.
b) In writing off the preliminary expenses of the company.
c) Issuing Bonus Shares
d) All the above
- Q.4 What do you mean by issue of debenture as collateral security ? 1
- Q.5 State any one preference enjoyed by preference shareholders over equity shareholders . 1
- Q.6 A & B are partners sharing profits in the ratio of 2:1 . They admit C for 1/4th share in the profits. C brings in Rs.30,000 for his capital and Rs. 8,000 out of his share Rs.10,000 for goodwill. Before admission, goodwill appeared in books at Rs. 18,000. Give journal entries to give effect to the above arrangement. 3
- Q.7 A,B,C & D were partners sharing profits in the ratio of 1:2:3:4 . D retired and his share was acquired by A & B equally. Goodwill was valued at 3 years purchase of average profits of last 4 years which were Rs.40,000. General reserve showed a balance of Rs.1,30,000 . You are required to pass entries as regard to goodwill and general reserve. 3
- Q.8 Sita, Geeta & Babli are partners doing a sanitary business . After the accounts have been drawn up and closed, it was discovered that for the years ending March 31, 2013 and 2014 , interest on capitals have been allowed to partners @6% p.a. although there was no provision for interest on capital in the partnership deed. Their fixed capitals were Rs.2,00,000 , Rs.1,60,000 and Rs.1,20,000 respectively. During the last two years they had shared the profits as under :
1st year ended March 31, 2013 ; 3:2:1
2nd year ended March 31,2014 ; 5:3:2
You are required to pass necessary adjusting entry on April1, 2014 showing your workings clearly.3



- Q.9 Himanshu Ltd. is a toy manufacturing Company located in Chennai. Being a socially aware Company, they wanted to help people of Bihar by providing them employment as the entire north Bihar was badly affected by a flood, causing a massive destruction and loss. Therefore they decided to set up anew toy manufacturing unit in the flood affected area of Bihar. For this purpose Himanshu Ltd. bought assets of Rs.4,25,000 together with a liability of Rs. 35,000 from Sony Ltd. for the purchase consideration of Rs.6,60,000. Himanshu Ltd. paid the purchase consideration by issuing 1000 equity shares of Rs.200 each at a premium of 10% and the balance through a bank draft.
Pass necessary journal entries in the books of Himanshu Ltd. and also identify two values followed by Himanshu Ltd. 4

- Q.10 M,N and S were partners in a firm sharing profits in the ratio of 2:2:1 respectively. On March31 2014 their Balance Sheet was as under :

Balance Sheet as on March 31, 2014

Liabilities	Assets	Assets	Amount
Capitals :		Fixed Assets	3,60,000
M	2,80,000	Debtors	2,80,000
N	3,00,000	Stock	1,30,000
S	1,00,000	Cash	4,60,000
Reserve Fund	3,00,000		
Creditors	2,50,000		
	12,30,000		12,30,000

S died on July1, 2014. It was agreed between her executors and the remaining partners that :

- a) Goodwill of the firm be valued at 3 years purchase of average profits for the last 3 years. The average profits were Rs.5,00,000.
- b) Interest on capital be provided @ 12% p.a.
- c) Her share in the profits up to the date of death will be calculated on the basis of average profits for the last 3 years.

Prepare S's Capital Account as on July1, 2014 and transfer the amount d to his executors loan A/C.

- Q.11 X Ltd. issued 10,000 shares of Rs. 10each, payable Rs.3 on application, Rs.3 on allotment and the balance on two equal instalments . All the calls were made and the amount so realized with the exception of the following :
- i) Mr. A holding 100 shares did not pay the amount due on first call and
 - ii) Mr. B holding 100 shares did not pay the amount due on final call.

All the shares were forfeited and reissued only 150 shares (all of A and balance of B) to D @ Rs.8 per share, Rs.9 paid up . Write the forfeiture and reissue entries . 4

- Q.12 Prachi and Ritika were partners in a firm sharing profits & losses equally. In spite of repeated reminders by authorities, they kept dumping hazardous material into a nearby river. Therefore, Court ordered for the compulsory dissolution of the partnership firm.
- i) Prachi was deputed to look after the dissolution work for which she was paid a commission of Rs.1,000.
 - ii) Deferred revenue advertising expenditure appeared in the books at Rs.60,000.
 - iii) Ritika agreed to pay her husband's loan of Rs.1,70,000.

- iv) Investment of Rs.50,000 was taken over by Ritika for Rs.29,000.
- v) During the course of realization, a liability under a suit for damages is settled at Rs.25,000 as against Rs.10,000 only provided for it.

Pass necessary journal entries in case of dissolution of the firm assuming that all assets (other than Cash & Bank) and outside liabilities have already been transferred to realization A/C. Also highlight the value ignored by the firm. 6

Q.13 Asha, Nisha and Jagat are partners in a firm . On April 1, 2013 the balance in their capital accounts stood at Rs.8,00,000, Rs.6,00,000 and Rs.4,00,000 respectively. They shared profits in the proportion of 3:2:1. Partners are entitled to interest on capital @ 6% p.a. and salary to Asha @ Rs.4,000 per month and a commission of Rs.6,000 per quarter to Jagat as per the provisions of the partnership deed.

Asha's share of profit excluding interest on capital and salary is guaranteed at Rs.60,000 p.a. Jagat's share of profit including interest on capital but excluding salary is guaranteed at Rs.50,000 p.a.

Any deficiency arising in that account shall be met by Nisha. The profit of the firm for the year ended March 31, 2014 amounted to Rs.3,00,000.

Prepare Profit and loss Appropriation Account for the year ended March 31, 2014. 6

Q.14 a) Ashish Ltd. issued 10,000, 10% Debenture of Rs.100 each on April 1, 2013. The issue was fully subscribed . According to the terms of issue, interest on debentures is payable half yearly on 30th September and 31st March and tax deducted at source is 10% .

Pass the necessary journal entries related to the debenture interest for half yearly ending on Sept.30 and March31, 2014.

b) Pass necessary journal entries for the issue of debenture in the following cases :

- i) Rs.50,000, 8% Debentures of Rs.100 each were issued at par, redeemable at premium of 10%.
- ii) Rs.60,000, 8% Debentures of Rs.100 each were issued at a discount of 5%, redeemable at a premium of 10%. (3+3=6)

Q.15 The following is the balance sheet of Ram & Raheem , as on December 31, 2015, who share profits & losses in 3:2 ratio.

Balance Sheet

LIABILITIES	AMOUNT (Rs.)	Assets	Amount (Rs.)
Capital A/Cs : Ram 10,000	20,000	Plant & Machinery	10,000
Raheem 10,000		Premises	8,000
General Reserve	15,000	Investment	60,000
Workmen's compensation Fund	5,000	Debtors 9,000	
Creditors	10,000	Less : Provision 1,000	8,000
Employees Provident Fund	40,000	Stock	21,000
Bills payable	26,000	Cash	9,000
Total	1,16,000		1,16,000

Ram, Raheem and Neeta were common school friends. Neeta was a very brilliant and hard working student. But due to sudden demise of her father she could not continue her studies and being an elder had to take care of her family. Ram & Raheem were very impressed with her honesty, hard work and sincerity and therefore decided to make her third partner for 25% share. On Jan.1, 2016 they agreed to admit Neeta into partnership on the following terms :

- i) The value of premises would be increased by Rs.10,000
- ii) Provision is no more required.
- iii) The value of stock would be increased to Rs.25,000
- iv) The liability against workmen's compensation fund is determined at Rs.3,000
- v) Neeta will bring in as his share of goodwill Rs.10,000 in cash
- vi) Neeta would bring in further cash as would make her capital equal to 25% of the total capital of the new firm after above revaluation and adjustments are carried out.

Prepare Revaluation Account, Partners' capital Account and the Balance Sheet of the firm after Neeta's admission. Also show the values involved in admitting Neeta as a partner in the firm

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OR

Amar, Akbar and John were partners sharing profits & losses in the ratio of 5:3:2. On March 31, 2014 their Balance sheet was as under :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals :		Leasehold	1,25,000
Amar 1,50,000		Patents	30,000
Akbar 1,25,000		Machinery	1,50,000
Jonn <u>75,000</u>	3,50,000	Stock	1,90,000
Creditors	1,55,000	Cash at bank	40,000
Workmen's comp. Reserve	30,000	Investments	20,000
Contingency Reserve	15,000	Goodwill	15,000
Provident Fund	20,000		
	5,70,000		5,70,000

John decided to retire on April 1, 2014. It was agreed that ;

- i) Goodwill of the firm be valued at Rs.1,75,000
- ii) Machinery be valued at Rs.10,000 less ; patents at Rs.10,000 more ; leasehold at Rs.1,50,000 on this date.
- iii) Liability on account of Provident Fund was estimated at Rs.25,000.
- iv) John to take over investments for Rs.25,000.
- v) Amar and Akbar decided to share future profits in the ratio of 3:2 . to their new profit
- vi) The total amount to be paid to John will be brought in cash by Amar and Akbar in such a way that their capitals become proportionate to their new profit sharing ratio. Firm's cash will be maintained at the same level. John donated 10% of the total amount received on his retirement to an old aged home.

Identify the values which John wants to communicate to the society by donating his hard earned money to old aged home.

Also Prepare Revaluation Account, Partners' Capital Account and Balance Sheet after retirement of John.

Q.22 On the basis of following information, Calculate any two ratios :

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a) Debt - Equity Ratio b) Gross profit ratio c) Working Capital Turn Over Ratio

Particulars	Amount (Rs.)
Revenue from operations	60,00,000
Gross Profit on Cost	25%
Other Current Assets	11,00,000
Current Liabilities	4,00,000
Paid up share capital	6,00,000
6% Debentures	3,00,000
9% Loan	1,00,000
Debenture Redemption Reserve (DRR)	2,00,000
Closing Inventories	1,00,000

Q.23 From the following particulars, Prepare Cash Flow Statement :

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Particulars	Note No.	31.3.2012 (Rs.)	31.3.2013 (Rs.)
EQUITY & LIABILITIES			
1. Shareholders' Funds			
a) Share Capital		2,00,000	2,40,000
b) Reserves & Surplus	1	1,20,000	1,50,000
2. Non- Current Liabilities :			
10% Debentures		1,00,000	90,000
3. Current Liabilities :			
a) Trade Payables		1,80,000	2,20,000
b) Short -Term Provisions – Proposed Dividend		20,000	30,000
Total		6,20,000	7,30,000
ASSETS			
1. Non Current Assets			
a) Tangible Fixed Assets		3,60,000	4,10,000
b) Intangible Assets - Patents		37,000
c) Investments		40,000	50,000
2. Current Assets			
a) Inventories		1,00,000	1,40,000
b) Trade Receivables		80,000	98,000
c) Cash & cash equivalents		3,000	32,000
Total		6,20,000	7,30,000

Notes to Accounts

Particulars	31.3.2012 (Rs.)	31.3.2013 (Rs.)
1. Reserves & Surplus		
General Reserve	1,00,000	1,20,000
Balance in Statement of Profit & Loss	20,000	30,000
	1,20,000	1,50,000

Additional Information :

- i) Depreciation charged on fixed assets amounted to Rs.50,000 .
- ii) A piece of machinery costing Rs.12,000 was sold for Rs.8,000. Accumulated depreciation thereon Rs.7,000.
- iii) The dividend proposed 31.3.2012 was paid on May 1, 2012.
- iv) Debenture interest paid during the year Rs.10,000 .

PART – C

COMPUTERISED ACCOUNTING

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