INTERNATIONAL INDIAN SCHOOL DAMMAM

SECOND TERM EXAMINATION 2017 – 2018

CLASS: XII **MAXIMUM TIME: 3 HOURS**

SUBJECT: ACCOUNTANCY **MAXIMUM MARKS: 80**

SET A

GENERAL INSTRUCTIONS:

1) The question paper contains two Parts: Section A and Section B
2) All questions are compulsory.
3) Draw proper formats.
4) All parts of a question should be attempted at one place.
5) Question carrying 8 marks has internal choice.

PART A

(ACCOUNTING FOR PARTNERSHIPS FIRMS AND COMPANIES)

1.Akash, Naveen and Zaid are partners sharing profits in the ratio of 3:2:2. Zaid died on 1stSeptember 2016. The total amount owed by the firm to his executors wasRs.60, 000. Pass the journal entry for recording the above transaction on the date of Zaid's death. 1

2. Reena and Raman are partners in a firm sharing profits in the ratio of 4:3.They admitted Roma as a new partner. The new profit sharing ratio between Reena, Raman and Roma was 3:2:2.Raman surrendered 1/3rdof his share in favour of Roma. Calculate Reena's sacrifice. 1

3. What is meant by 'Private Placement of Shares? 1

4. State the provisions of Companies Act 2013 for the creation of debenture Redemption Reserve. 1

5. When can a company forfeit the shares held by a shareholder? 1

6. Pass necessary journal entry to distribute 'Workman Compensation Reserve' of Rs.90,000 at the time of death ofHetal when there is a claim of Rs.30,000 against it. The firm has three partners Raghav, Hetal and Anuj. 1

7. What is meant by Employee Stock Option Plan? 1

8. Ram, Laxman and Bharat are partners sharing profits in the ratio of 3 : 2 : 1 . Goodwill is appearing in the books at a value of Rs.1,80,000. Laxman retires and at the time of his retirement, goodwill is valued at

Rs.2,52,000. Ram and Bharat decided to share future profits in the ratio of 2:1. The profits for the first year after Laxman's retirement amount to Rs.1,20,000. Give the necessary Journal Entries to record goodwill and to distribute the profits. Show your calculations clearly. 3

9. A, B and C are partners, sharing profits in the ratio of 4:3:2. D is admitted for 2/9th share of profits brings Rs.1,65,000 as his capital and his share of goodwill.Goodwill of the firm valued at Rs.2, 47, 500. At the time of D's admission there is a balance of Rs.1, 35, 000 in Investment Fluctuation Reserve. The new profit sharing ratio among partners will be 3:2:2:2.
Give necessary journal entries. 4

10. Farhan, Hina and Dolly are partners in a firm sharing profits in the ratio of 5:3: 2. On 1st April 2016 the capitals of the partners were Rs.5,00, 000; Rs.3, 00, 000 and Rs.2, 00, 000 respectively. The firm closes its book on 31st March every year. 4
Dolly died on 30th September 2016.On that date:
(a) Goodwill ofthe firm was valued at Rs.30, 000.
(b) Dolly's share of profit till the date of her death was to be calculated on the basis of average profits of last three years which were Rs.80, 000.
(c) Interest on capital to be provided @ 6% per annum.
(d) Dolly's drawings during the year was Rs.10, 000.
(e) Interest on drawings to be charged @ 12% per annum.
Prepare Dolly's Capital A/c to be rendered to her executors.

11. Pass necessary journal entries for the following transactions in the books of S Ltd: 4
S Ltd. acquired assets of Rs.5, 00, 000 and liabilities of Rs.3, 00, 000 of Goodwill Ltd. for a purchase consideration of Rs.1, 35, 000. Payment to Goodwill Ltd. was made by issuing equity shares of Rs.10 at a premium of 20 % and S limited also issued 3, 000 shares of Rs.10 each to the promoters for their services.

12. For providing employment to the local youth and for the development of rural areas of Jharkhand State, the Ganga Ltd decided to set up a food processing unit in Hazaribagh. The company also decided to set up skill development centres at Ranchi, Hazaribagh and Ramgarh. The company is registered with an authorized capital of Rs.15, 00, 000 divided into 1, 50, 000 equity shares of 10 each. To meet its financial requirements the company decided to issue1, 40, 000 equity shares of Rs.10 each. The public subscribed 1, 30, 000 equity shares. A shareholder holding 500 shares failed to pay the final call of Rs.3 per share. Show the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013. Also, identify any two values that the company wants to propagate. 4

13. Record the Journal entries for forfeiture and reissue in the following cases:

a. Y Ltd. forfeited 300 shares of Rs.10 each, Rs.8 called up, issued at a premium of Rs.2 per share to R for non-payment of allotment money of Rs.5 per share including premium. Out of these, 210 shares were re-issued to Sanjay as Rs.8 called up for Rs.10 per share.

b. Z Ltd. forfeited 900 shares of Rs.10 each issued at a premium of Rs.3 per share to R for non-payment of first and final call money of Rs.3 per share. All the forfeited shares were reissued at Rs.8 per share fully paid up. 4

14. A. Ahuja Ltd. issued 25,000, 10% debentures of Rs.50 each. Pass necessary Journal entries in the' books of the company for the issue of debentures when debentures were: 6

(i) Issued at par and redeemable at par.

(ii) Issued at 6% discount and redeemable at 8% premium.

B. K K Limited obtained a loan of Rs.10, 00, 000 from State Bank of India @ 9 % interest. The company issued 15, 000 9 % debentures face value of Rs.100 each in favour of State Bank of India as collateral security. Pass necessary Journal entries for the above transactions:

(i) When company decided not to record the issue of 9 % Debentures as collateral security.
(ii) When company decided to record the issue of 9 % Debentures as collateral security.

15. Blue Star Ltd issued 36, 000, 8% debentures face value of Rs.100 each. The debentures were redeemable on 31.3.2018 @ 20% premium out of profits. The company invested in securities according to the rules of Companies Act 2013.Pass necessary journal entries for the redemption of debentures. 6

16. C and D were partners in a firm sharing profits in the ratio of 7:3. On 31.03.2017 the Balance Sheet of the firm was as follows: 6

Balance Sheet of C and D as on 31st March 2017

Liabilities	Amount	Assets	Amount
Capitals: C 7,00,000		Land and Building	7,50,000
D 3,00,000	10,00,000	Furniture	1,20,000
Sundry Creditors	1,75,000	Debtors	1,32,000
		Stock	1,03,000
		Cash	70,000
	11,75,000		11,75,000

The firm was dissolved on 01.04.2017 and the assets and liabilities were settled as follows:

1. Land and Building was taken over by C at a depreciation of 10% for cash.
2. Creditors of Rs.1,25,000 took over stock and debtors in full settlement of their claim.
3. Remaining creditors were paid by D.
4. Furniture realized Rs.5,000 less than the book value.
5. Expenses of realization were Rs.400

Pass necessary journal entries for dissolution of the firm.

17. Raju Ltd. invited applications for issuing 70,000 shares of Rs.10 each at a premium of 10%. The amount was payable as follows: 8

On application Rs.4

On allotment Rs.5 (including premium)

On Ist & Final call - Balance

Applications for 80,000 shares were received. Applications for 5,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Excess money received on application was utilized towards sum due on allotment. George who had applied for 1,500 shares failed to pay allotment money.His shares were forfeited immediately after allotment. Afterwards the first & final call was made. First and final call was not received on 700 shares held by Salman. His shares were also forfeited. 1,500 forfeited shares were re issued at Rs.13 per share fully paid up. The re-issued shares included all the shares of George. Pass necessary journal entries in the books of Raju Ltd. for the above transactions.

OR

Fujitsu Ltd. invited applications for 1, 00,000 equity shares of Rs.10 each at a premium of Rs.4 per share. The amount was payables as follows: -

On application Rs.6 (including premium 2)

On allotment Rs.6 (including premium 2)

Balance on first and final call.

Application for 1, 50,000 shares were received. Allotment was made to all the applicants on pro rata basis. Alka, to whom 200 shares were allotted were failed to pay allotment and call money. Suman who applied for 600 shares failed to pay call money. Their shares were forfeited. The forfeited shares were reissued at Rs.12. Pass the necessary journal entries.

18. A and Z are partners in a firm sharing profits in the ratio of 7:3. Their Balance Sheet as on 31.3.2016 was as follows: 8

Liabilities	Amount	Assets	Amount
Sundry Creditors	60,000	Cash	36,000
Provision for Bad Debts	6,000	Debtors	54,000
Outstanding Wages	9,000	Stock	60,000
General Reserve	15,000	Furniture	1,20,000
Capitals: A 1,20,000		Machinery	1,20,000
Z 1,80,000	3,00,000		
	3,90,000		3,90,000

On the above date B was admitted for 1/6thshare in the profits on the following terms:

1. B will bring Rs.90, 000 as his capital and Rs.30, 000 as his share of goodwill premium, half of which will be withdrawn by A and Z.

2. Debtors Rs.4, 500 will be written off and a provision of 5% will be created on debtors for bad and doubtful debts.

3. Stock will be depreciated by 10%, furniture by 1,500 and machinery by 8%.

4. A creditor of Rs.6, 300 not recorded in the books was to be considered.

5.The Capital accounts of the partners will be adjusted on the basis of B's Capital.
Prepare revaluation account, partners' capital account and balance sheet of the new firm.

OR

N, S and G were partners in a firm sharing profits and losses in the ratio of 2:3:5. On 31.3.2016 their Balance Sheet was as under:

Balance Sheet of N, S and G as on 31.3.2016

Liabilities		Amount	Assets	Amount
Creditors		1,65,000	Cash	1,20,000
General Reserve		90,000	Debtors 1,35,000	
Capitals:			Less: Provision 15,000	1,20,000
N	2,25,000		Stock	1,50,000
S	3,75,000		Machinery	4,50,000
G	4,50,000	10,50,000	Patents	90,000
			Building	3,00,000
			Profit and Loss Account	75,000
		13,05,000		13,05,000

G retired on the above date and it was agreed that

(i) Debtors of Rs.6, 000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.

(ii) Patents will be completely written off and stock, machinery and building will be depreciated by 5%.

(iii) An unrecorded creditor of Rs.30, 000 will be considered.

(iv) Goodwill of the firm on G's retirement was valued at Rs.90, 000

(v)The new profit sharing ratio between N and S will be 2:3 and their capital will be in their new profit sharing ratio.

Prepare revaluation account, partners' capital account and balance sheet of the new firm.

PART B

(ANALYSIS OF FINANCIAL STATEMENTS)

19. State one advantage of preparing cash flow statement. 1

20. Why is separate disclosure of cash flows from financing activities necessary? 1

21.State under which major headings and sub-headings the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:

a. Securities Premium Reserve
b. Unclaimed Dividend
c. Investment in Debentures
d. Loose Tools
e. Work in progress
f. Land & Building

g. Equity Share Capital
h. Gain on reissue of forfeited equity shares 4

22. Calculate cash flow from investing activities from the following information: 4

Particulars	31-03-2015	31-03-2014
Investment in shares of Delko Ltd	26,00,000	16,00,000
11 % Long Term Investments	3,00,000	10,00,000
Plant & Machinery	12,00,000	9,00,000
Goodwill	4,00,000	1,40,000

Additional Information:

1. 10 % dividend was received from Delko Ltd.

2. A machine costing Rs.70, 000 (depreciation provided thereon Rs.10, 000) was sold for Rs.60, 000. Depreciation charged during the year was Rs.50, 000.

23.Following is the Balance Sheet of J.M. Ltd as at 31.3.2016:

J.M. Ltd. Balance Sheet as at 31.3.2016

	Particulars	Note No.	31.3.2016	31.3.2015
	I - Equity and Liabilities:			
1	**Shareholder's Funds:**			
	(a)Share Capital		2,25,000	175,000
	(b) Reserves and Surplus	1	62,500	25,000
2	**Non-Current Liabilities:**			
	Long-Term Borrowings	2	1,12,500	87,500
3	**Current Liabilities:**			
	(a) Short-term Borrowings	3	37,500	18,750
	(b) Short-Term Provisions	4	50,000	31,250
	Total		487,500	337,500
	II - Assets:			
1	**Non-Current Assets:**			
	(a) Fixed Assets:			
	Tangible	5	366,250	228,750

	Intangible: Goodwill			25,000	37,500
	(b) Non-Current Investments			37,500	25,000
2	**Current Assets:**				
	(a) Current Investments			10,000	17,500
	(b) Inventories			30,500	18,000
	(c) Cash and Cash Equivalents			18,250	10,750
	Total			487,500	337,500

Note No.	Particulars	31.3.2016	31.3.2015
1	Reserves and Surplus (Surplus i.e., Balance in the Statement of Profit and Loss)	62,500	25,000
		62,500	25,000
2	Long-term Borrowings		
	12% Debentures	112,500	87,500
		112,500	87,500
3	Short-term Borrowings		
	Bank Overdraft	37,500	18,750
		37,500	18,750
4	Short-term Provisions		
	Proposed Dividend	50,000	31,250
		50,000	31,250
5	Tangible Assets		
	Machinery	3,66,250	2,28,750
		366,250	228,750

Additional Information:
(i) Rs.25, 000, 12%debentures were issued on 31.3.2016.
(ii) During the year a piece of machinery costing Rs.20, 000, on which accumulated depreciation was Rs.10, 000, was sold at a loss of Rs.2, 500. Depreciation for the year is Rs.10, 000
Prepare Cash Flow Statement. 6