MAR THOMA RESIDENTIAL SCHOOL, TIRUVALLA

FIRST MODEL EXAMINATIONS 2018-2019

CLASS XII - ACCOUNTS NCY

Marks: 80
Time: 3 hours

Section A

Part I (12Marks)

(***Answer all questions***)

1. Answer briefly each of the following questions:
   - (i) State any two provisions of the Partnership Act relating to accounting in case Partnership Deed does not exist.
   - (ii) How does a Profit and Lose Appropriation Account differ from profit and Loss Account?
   - (iii) Give any two difference between Calls-in-Arrears and Calls-in-Advance.
   - (iv) Distinguish between Debentureholders and Shareholders (Any two points)
   - (v) What is the accounting treatment when debentures are issued as a collateral security?
   - (vi) When does Loss on Issue of Debentures arise? Explain its accounting treatment. **(6*2)**

Part II (**48** Marks)

(Answer **any four** questions)

2. (a) A,B,C and D are four partners sharing profits in the ration of 4:3:2:1. They earned a profit of Rs.1,80,000 for the year ended 31st March,2017.
A per the Partnership Deed, they are to charge commission @20% of the profits after chagrining such commission which they will share as 2:3:2:3.
You are required to show the appropriation of profits among the partners by preparing Profit and Loss Appropriation Account. [4]

(b) Jain and Gupta Were partners in a firm sharing profits in 3:2 ratio. Their fixed capitals were Jain Rs.1,00,000 and Gupta Rs1,50,000. After the accounts of the year had been enclosed, it was discovered that interest on capital @10% p.a. as provided in the partnership agreement has not been credited to the Current Accounts of the partners before distribution of profits. Pass necessary Journal entry to rectify the error. [3]

(c) X, Y and Z entered into partnership on 1st April, 2014 to share profits and losses the ratio of 12:8:5. It was provided that Z's share in profit will not be less than Rs.50,000 p.a. The profits and losses for the period ended 31st March: 2014-15 Profit Rs.2,00,000; 2015-16 ProfitRs.3,00,000, 2016-17 Loss Rs.2,00,000. Pass the necessary Journal entries in the books of firm for distribution of profit in each year. [5]

3. (a) X and Y are partners, sharing profits and Losses in the ratio of 3/5 : 2/ admit Z into the firm on 1st April,2016. When their Balance sheet was as foll

Liabilities		Rs.	Assets		
Creditors		45,000	Cash at bank		
General Reserve		36,000	Debtors	60,000	
Capital A/cs:			Less: Provision for Doubtful Debts	2,400	
X	1,80,000		Patents		
Y	90,000	2,70,000	Investments		
Current A/cs:			Fixed Assets		
X	30,000		Goodwill		
Y	6,000	36,000			
		3,87,000			

Z is admitted on the following terms:

(i) Provision for Doubtful Debts is to be maintained at 5% on Debtors.
(ii) Outstanding rent amounted to Rs 15,000.
(iii) An accrued income of Rs4,500 does not appear in the books of the firm now to be recorded.
(iv) X takes over the Investments at an agreed value of Rs18,000.
(v) New profit sharing Ratio of partners will be 4:3:2.
(vi) Z will bring in Rs.60,000 as his capital by cheque.
(vii) Z is to pay an amount equal to his share in firm's goodwill valued at tw average profit of the last three years which were Rs.90,000; Rs78,000 a Rs75,000 respectively.
(viii) Half of the amount of goodwill is to be withdrawn by X and Y.

Prepare Revaluation Account, Partners' Capital Accounts , current acco and the Balance Sheet of the new firm. **(8)**

b) (i) Give the Journal entry to distribute 'Workmen Compensation Reserve' o Rs.72,000 at the time of admission of Z, when there is claim of Rs.48,0(against it. The firm has two partners *X* and *Y*.

(ii) Give the Journal entry to distribute 'Investment Fluctuation Reserve' of Rs.24,000 at the time admission of Z, when Investment (Market Value Rs.1,10,000) appears at Rs1,20,000. The firm has two partners *X* and *Y*

4. (a) *M,N* and *O* were partners in a firm sharing profits in the ratio of 2:2:1 on 31st March, 2017, their Balance Sheet was as follows:

Liability		Rs	Assets	Rs
Creditors		60,000	Bank	90,000
Bills payable		40,000	Stock	70,000
General Reserve		30,000	Debtors	40,000
Capital A/cs:			Land and Building	5,00,000
M	3,00,000		Profit and Lose A/c	1,60,000
N	3,00,000			
O	1,30,000	7,30,000		
		8,60,000		8,60,000

N died on 30th June, 2017. The Partnership Deed provided for the following on the death of a partner.

(i) Goodwill of the firm was to be valued at 2 years' purchase of the average prof of last 5 years. The profit for the years ended 31st March, 2013, 31st Marc 2014, 31st March 2015 and 31st March, 2016 were Rs. 50,000; Rs.80,00 Rs.1,10,000 and Rs.2,20,000 respectively.

(ii) N's share of profit or loss till the date of his death was to be calculated on the basis of the profit or loss for the year ended 31st March, 2017.

You are required to calculate the following:

(a) Goodwill of the firm and ***N'***s Share of goodwill at the time of his death.
(b) N's share in the profit or loss of the firm till the date of his death.
(c) Prepare N's Capital Account at the time of his death to be presented to his executors. (

X,Y and ***Z*** are sharing profits and losses in the ratio of 3:2:1. ***X*** dies on 31st Jul 2017. Accounts are closed on 31st March. Sales for the year 2016-17 amounted Rs.6,00,000. Sales between the period of 1st April, 2017 and 31st July, 2017 wa Rs.1,00,000. The profit for the year 2016-17 amounted to Rs.90,000. Calcula ***X***'s share in the profit of the firm. Also pass necessary Journal entry. (

5. X Ltd. Issued for public subscription 50,000 equity shares of Rs.10 each at a premium of Rs.2 per share, payable as follows:

On Application	Rs. 3 per share
On Allotment	Rs. 5 per share including premium
On First Call	Rs. 2 per share
On Second and Final Call	Rs. 2 per share

Applications were received for 70,000 equity shares. The shares were allotted *rata* to the applicants of 60,000 shares; the applications for remaining shares w rejected. Excess application Money was used against amount due on allotm Puneet to whom 500 shares were allotted, failed to pay the allotment money and his subsequent failure to pay the first call, his shares were forfeited. Rahul to wl 800 shares were allotted, failed to pay the two calls. His shares were, subseque forfeited. Out of the shares forfeited, 1,000 shares were sold to Ajay at Rs.9 per s credited as fully paid, all of Rahul's forfeited shares being included. **Pass Jou entries** in the books of the company to record the above transactions. Also s Forfeited Share Account, Calls-in-Arrears and Capital Reserve Account.

6. Cosco Infrastructure Ltd. Issued 12,000; 10% Debentures of Rs.100 each on 31 March, 2012 redeemable on 30th September, 2017. The Board of Directors decid transfer 25% of the nominal value of debentures to Debenture Redemption Re in three equal annual instalments starting from 31st March, 2015. Pass nece **Journal entries** regarding issue and redemption of debentures.

7. *X* and *Y* were partners from 1st April,2015 with capitals of Rs.1,20,000 and Rs.8 respectively. They shared profits in the ratio of 3:2. They carried on business fo years. In the first year ended 31st March,2016, they earned a profit of Rs1,0 but in the second year ended on 31st March, 2017 a loss of Rs.40,000 was incu As the business was no longer profitable, they dissolved the firm on 31st M 2017. Creditors on that date were Rs.40,000. Each partner withdrew for per use, Rs.16,000 per year. The expenses of realisation were Rs.6,000. The a realised Rs.2,00,000.

Prepare Realisation Account, Partners' Capital Accounts and Bank Account.

8. (a) From the following information extracted form the books of XYZ Ltd., prepare a Balance Sheet of the company as at 31st March, 2017 as per Schedule III of Companies Act, 2013:

	(Rs. in '000')		(Rs. in '000')
Short-term Borrowings	45	Inventories	10
Long-term Borrowings	150	Trade Receivables	40
Prepaid Expenses	15	Cash and Cash Equivalents	40
Outstanding Expenses	5	Share Application Money pending Allotment	15
Trade Payables	10	Non-Current Investments	115
Share Capital	195	Proposed Dividend	10
Reserves and Surplus	45	Long-term Provisions	45
Fixed Assets (Tangible)	300		

(8

(b) Sunflower Ltd. Was registered with an authoriesed capital of Rs.5,00,000 divided into 50,000 equity shares of Rs.10 each. Since the economy was in robust shape,the company decided to offer to the public for subscription 30,000 equity shares of Rs.10 each at premium for Rs.20 per share. Applications for 28,000 shares were received and allotment was made to all applicants. All calls were made and duly received except the final call of Rs.2 per on 200 shares. Show the 'Share Capital' in the Balance Sheet of Sunflov Ltd. as per Schedule III, Part 1 of the companies Act, 2013. Also prepare Note to Accounts for the same.

Section B (20 Marks)
(Answer any **two** questions)

. (a) From the following information, calculate the following ratios: (i) Debt to E atio; (ii) Working Capital Turnover Ratio and (iii) Return on Investment:

Particulars	R
uity Share Capital	50,0
atement of Profit and Loss after Tax and Interest	15,0
% Debentures	20,0
ade Payables (Creditors)	15,0
nd and Building	65,0
uipments	15,0
ade Receivables	14,5
sh and Cash Equivalents (cash)	5,5
venue from Operations	1,50,0
x Rate 50%	

(b) From the following Balance Sheet of Moon Ltd, calculate Return on Investment:

Particulars	Note No.	Rs.
1. EQUITY AND LIABILITIES		
1. **Shareholders' Funds**		
(a) Share Capital		3,60,000
(b) Reserves and Surplus	1	2,00,000
2. **NON-Current Liabilities**		
Long-term Borrowings (10% Debentures)		1,40,000
3. **Current Liabilities**		
(a) Short-term Borrowings		1,40,000
(b) Trade payables		50,000
Total		8,90,000
II. ASSETS		
1. **Non-Current Assets**		
(a) Fixed Assets		6,50,000
(b) Non-current Investments (Trade)		1,00,000
2. **Current Assets**		
(a) Current Investments		70,000
(b) Inventories		10,000
(c) Cash and Cash Equivalents		60,000
Total		8,90,000

Note to Accounts

Particulars		Rs.
1. Reserves and Surplus		
General Reserve		66,000
Surplus, *i.e.* Balance in Statement of profit and Loss (opening Balance)	50,000	
Add: Profit for the current period	84,000	1,34,000
		2,00,000

(2)

(c) Current Liabilities Rs. 3,20,000, Liquid Ratio is 1:5:1 and current Ratio 2:5:1.Calculate 'Quick Assets and Current Assets' **(2)**

10. From the following Balance Sheets of Varun Ltd. as at 31st March, 2017 and 31st March, 2016, Prepare Cash Flow Statement:

Particulars	Note No.	31st March 2017(Rs)	31st March, 2016(Rs)
1 *EQUITY AND LIABILITIES*			
Shareholders 'Funds			
(a) Share Capital		*1,50,000*	*1,25,000*
(b) Reserves and Surplus	*1*	*75,000*	*60,000*
2. *NON-Current Liabilities*			
Long-term Borrowings :Bank Loan		*20,000*	–
3. *Current Liabilities*			
(a) Short-term Borrowings: Bank overdraft		*10,000*	*5,000*
(b) Trade payables	*2*	*70,000*	*65,000*
(c) Short-term Provisions	*3*	*25,000*	*15,000*
Total		*3,50,000*	*2,70,000*
II. ASSETS			
1. Non-Current Assets			
(a)Fixed Assets		*30,000*	*20,000*
(b)Non-current Investments (Trade)		*10,000*	*15,000*
2. Current Assets			
(a) Inventories (stock)		*1,20,000*	*87,000*
(b Trade Receivables (Debtors)		*90,000*	*98,000*
(c) Cash and Cash Equivalents		*1,00,000*	*50,000*
Total		*3,50,000*	*2,70,000*

otes to Accounts

Particulars	31st March, 2017 (Rs)	31st March, 2016 (Rs)
1. Reserves and Surplus		
General Reserve	*15,000*	*10,000*
Surplus, i.e., Balance in statement of Profit and Loss	*60,000*	*50,000*
	75,000	*60,000*
2. Trade Payables		
Creditors	*45,000*	*50,000*
Bills Payable	*25,000*	*15,000*
	70,000	*65,000*
3. Short-term Provisions		
Provision for Tax	*25,000*	*15,000*

dditional Information:

(i) During the year Rs.5,000 depreciation was charged on fixed assets.
(ii) Company has paid Rs. 12,000 interim dividend during the year.
(iii) Tax provided during the year Rs. 20,000.
(iv) Rs. 10,000 profit earned by sale of non-current investments. **(10)**

11. (a) What is meant by common size statements?. **(2)**

(b) Following is the Statement of Profit and Loss of Raju Ltd., for the year ended 31st March, 2017.

Particulars	Note No	Rs.
I. Revenue from Operations		2,00,000
II. Other Income		15,000
III. Total Revenue (1+II)		2,15,000
IV. Expenses:		
Cost of Materials consumed		1,10,000
Other Expenses		5,000
Total Expenses		1,15,000
V. Profit before Tax (III-IV)		1,00,000
VI Tax		40,000
V11 Profit after Tax (V-VI)		60,000

Prepare a Common-size Income Statement of Raja Ltd. for the year ended 31st March,2017. **(4)**

(c) Calculate Operating Ratio from the following:

	Rs.		Rs.
Opening inventory	45,000	Revenue from Operation	3,00,0
Purchased	1,10,000	Closing Inventory	55,0
Freight Inwards	15,000	Gross Profit	1,85,0
Employees Benefit Expenses	6,000	Depreciation	8,0
Rent Received	10,000	Interest paid	14,0

(d) (i) State with reason whether Purchase of Stock-in-Trade on credit would result *Inflow, Outflow or No flow of Cash* or Cash Equivalents. **(1**

(b) Interest paid by a Manufacturing Company is classified under which kind of activity while preparing a Cash Flow Statement?