Accountancy Class 12th Practice Paper-1 **M.M.80** **TIME: 3 Hrs**

Note: Attempt the questions in serial order and working notes should be clearly given along with the solutions.

PART-A

Q1. Write any two circumstances under which court can order for the dissolution of partnership firm . (1)

Q2. A Ltd. forfeited 100 equity shares of ₹ 10 each issued at a premium of 20% for the non-payment of final call of ₹ 6 including premium. State the minimum price at which these shares should be reissued. (1)

Q3. X, Y and Z are partners in a firm, Y withdrew ₹ 900 at the end of each month of the year. Pass journal entry if interest on Y's drawings @ 6% p.a.is to be charged. (1)

Q4. A and B are partners with capital of ₹26,000 and ₹22,000 respectively. They admit C as partner with 1/4th share in the profits of the firm. C brings ₹ 26,000 as his share of capital. Calculate the share of goodwill to be credited to A and B on C's admission . (1)

Q5. Explain the concept of ESOP. (1)

Q6. Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 1.1.2017 they admitted Yogita as a new partner for 1/10th share in the profits. On Yogita's admission, the Profit and Loss Account of the firm was showing a debit balance of ₹ 20,000 which was credited by the accountant of the firm to the capital accounts of Geeta, Sunita and Anita in their profit sharing ratio. Did the accountant give correct treatment ? Give reason in support of your answer . (1)

Q7. X,Y and Z are partners sharing profits in the ratio of 7:5:4.Their Balance Sheet as at 31st March,2016 stood as under:

Liabilities	₹	Assets	₹
Capital A/cs:		Sundry assets	8,70,000
X 2,20,000		Advertisement Suspense Account	30,000
Y 2,40,000			
Z 2,20,000	6,80,000		
General Reserve	65,000		
Profit and Loss A/c	25,000		
Creditors	1,30,000		
	9,00,000		9,00,000

Partners decided that with effect from 1st April, 2016 they will share profits and losses in the ratio of 3:2:1. For this purpose, goodwill of the firm was valued at ₹1,50,000. The partners neither want to record goodwill nor want to distribute general reserve or any other profit or loss. Pass a single journal entry to record the change. (3)

Q8. In order to provide the employment to the young girls and widows of a village in the border area, Baag Phulkari Ltd. decided to set up a business unit . For raising funds the company decided to issue 5,00,000 Equity Shares of ₹50 per share at a premium of 10% . The whole amount was payable on application. Applications for

12,00,000 shares were received. Applications for 4,00,000 shares were rejected and the shares were allotted on pro-rata basis. Another 2,00,000 shares of the same class, were issued to PQR Ltd. for the purchase of building, wherein this unit would be setting up its base.

(a) Show these transactions relating to Share Capital in the Balance Sheet of the company, as required by Companies Act,2013 .

(b) Also prepare 'Notes to Accounts' for the same. (3)

Q9 .Pass journal entries for the following at the time of issue of debentures:

(a) EFG Ltd. issues ₹ 60,000, 12% Debentures of ₹ 100 each at a discount of 5 % repayable at a premium of 10% at the end of 5 years.

(b) PQR Ltd. issues ₹ 70,000, 12% Debentures of ₹ 100 each at a premium of 5 % redeemable at 110%. (3)

Q10. Ashok Ltd. purchased machinery from Rajesh Ltd. The company paid the vendors by issue of some equity shares and debentures and the balance through a promissory note in their favour payable after three months. You are required to fill in the blanks. (3)

Ashok Ltd. Journal

Date	Particulars	L.F.	Debit(₹)	Credit(₹)
	Machinery Account Dr.		....	
	To..			....
	(Purchased machinery for ₹8,00,000 from Rajesh Ltd.)			
	Rajesh Ltd. A/C Dr.		....	
	Loss on Issue of 9% Debentures A/C Dr.		....	
	To			....
	To			....
	To Securities Premium Reserve Account			....
	To Premium on Redemption of Debentures A/C			....
	(Issued ₹ 1,00,000 9% debentures at a discount of 10% redeemable at a premium of 10% and 60,000 equity shares of ₹10 each issued at a premium of 10%)			
	.... Dr.		....	
	To			....
	(...)			

Q11. Xenia and Yamini were partners sharing profits and losses in 3:2.They decided to dissolve their firm on 31.3.2017. On that date their capitals were Xenia ₹40,000 and Yamini ₹30,000 whereas Creditors amounted to ₹24,000. Assets realized ₹88,500, creditors of ₹6,000 were taken over by Xenia at ₹4,000. Remaining creditors were paid at ₹7,500. The cost of realization came to ₹500. Prepare necessary ledger accounts on dissolution of the firm. (4)

Q12.Monika, Sonika and Mansha were partners in a firm sharing profits in the ratio of 2: 2: 1 respectively. On 31st March, 2016 their Balance
Sheet was as under:

Balance Sheet as at 31st March, 2016

Liabilities	₹	Assets	₹
Capital A/cs:		Sundry assets	6,10,000
Monika 1,80,000		Advertisement Suspense Account	30,000
Sonika 1,50,000			
Mansha 90,000	4,20,000		
General Reserve	65,000		
Profit and Loss A/c	25,000		
Creditors	1,30,000		
	6,40,000		6,40,000

Sonika died on 30th June, 2016. 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 four years. The average profits were ₹ 2,00,000.
(b) Interest on capital is provided at 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 four years.
Pass journal entries to be passed for giving effect to the above and mentioning claim to Sonika's executor on Sonika's death . (4)

Q13. On April 1, 2014, XYZ Limited issued ₹ 9,00,000 10% debentures at a discount of 8% redeemable at premium of 12%. The debentures were to be redeemed in three equal annual instalments starting from March 31, 2016. Prepare 'Loss on Issue of Debenture Account' for the first three years starting from April 1, 2014.Show working notes clearly. (6)

Q14. Himanshu and Vikrant are partners in a firm and share profits equally. Their Balance Sheet as at March 31, 2017 is as follows:

Balance Sheet as at March 31, 2017

Liabilities	₹	Assets	₹
Capitals:		Fixed Assets	3,60,000

Himanshu 2,00,000 Vikrant 1,40,000 Creditors	3,40,000 60000	Current Assets	40,000
	4,00,000		4,00,000

During the year 2016-17, Himanshu's Drawings were ₹ 30,000 and Vikrant's Drawings were ₹ 40,000. During the year 2016-17 the firm earned profits of ₹ 1,00,000. While distributing profits for the year 2016-17, interest on capital @ 5 % per annum and interest on drawings @ 12 % per annum were ignored.
Showing your workings clearly, pass necessary rectifying entry. (6)

Q15. Amna, Bimla,Chitra were partners in a firm sharing profits in the ratio of their capitals. Their fixed capitals were ₹5,00,000, ₹7,00,000 and ₹8,00,000.Their partnership deed provided for the following: (a) interest on capital @8% p.a. (b) Salary of ₹10,000 per month to Chitra. (c) Interest on drawings @6% p.a. Amna withdrew ₹40,000 on 31st March 2015; Bimla withdrew ₹50,000 on 31st May 2015; Chitra withdrew ₹30,000 on 31st December 2015. During the year ended 31st December 2015, the firm earned a profit of ₹4,50,000. Pass Journal entries to give effect the above transactions relating to distribution of profits among the partners for the year ended 31st December 2015. (6)

16. On admission of Mridu for 1/6th share in profits, Sushma and Nanda decided that:

(1) Value of land and building be appreciated by ₹5,000.

(2) Value of stock be increased to ₹ 14,500.

(3)Provision for doubtful debts is increased by ₹1,500.

(4)The liability of workmen's compensation was determined to be ₹12,000.

(5)Mridu to bring ₹20,000 in cash for her share of goodwill .

(6)Mridu to bring in cash ₹20,000 and machinery ₹ 5,000, as capital .

Following is the Balance Sheet of Sushma and Nanda sharing profits in the ratio of 3:2 (on the date of Mridu's admission):

Liabilities	(₹)	Assets	(₹)
Creditors	10,000	Debtors 22,000	
Employees' provident fund	8,000	Less PDD 1,000	21,000
General reserve		Land and Building	18,000
Workmen's compensation reserve	30,000	Plant and Machinery	12,000
Capital a/cs	15,000	Stock	11,000
Sushma 15,000		Bank	21,000
Nandi 10,000		Profit and Loss A/C	5,000
	25,000		

	88,000		88,000

Mridu agreed to all this. But regarding her share of Goodwill, due to some family financial problems, expressed her inability to bring the required cash but only its 50%, to which the old partners agreed on the condition that her Capital account be adjusted accordingly .

You are required to prepare revaluation account, capital accounts and balance sheet of the new firm. (8)

OR

Amit , Tasha and Chetan are partners in a firm sharing profits in the ratio of 3:2:1 respectively. On March 31, 2017, the Balance Sheet of The firm stood as follows:

Liabilities	₹	Assets	₹
Creditors	13,590	Cash	4,700
Capital A/cs:		Debtors	8,000
Amit 15,000		Stock	11,690
Tasha 10,000		Buildings	23,000
Chetan 10,000	35,000	Profit and Loss A/c	1,200
	48,590		48,590

Tasha retired on the above mentioned date on the following terms:
(i)Buildings to be appreciated by ₹ 7,000.
(ii)A provision for doubtful debts to be maintained at 5% on debtors.
(iii)Goodwill of the firm is valued at ₹ 18,000 and adjustment in this respect to be made in the continuing partners' Capital Accounts without raising the Goodwill Account.
(iv) ₹ 3,000 to be paid to Tasha immediately and the Balance in her capital Account to be transferred to her Loan Account carrying interest @ 9% p.a.and the balance be paid in two equal yearly installments.
Continuing partners decided to acquire Tasha's share in the ratio of 2:1 and adjust their capital accounts accordingly, by opening the current accounts.
Prepare the Revaluation Account, the Capital Accounts, the Cash Account and the Balance Sheet after Tasha's retirement and her Loan Account till it is finally paid. (8)

Q17. (a)A Ltd. purchased its own debentures of the face value of ₹ 2,00,000 from the open market for immediate cancellation at 92%.In this process It had to spend ₹5,000 .Record the journal entries in the books of A Ltd.

(b) X Ltd. redeemed 1,000, 12% debentures of ₹ 50 each by converting them into 15% New Debentures of ₹ 100 each at 25% premium. Pass the relevant Journal entries in the books of X Ltd.

(c) A company forfeited 240 shares of ₹ 10 each issued to Raman at a premium of 20%. Raman had applied for 300 shares and had not paid anything after paying ₹ 6 per share including premium on application. 180 shares were reissued at ₹ 11 per share fully paid up. Pass journal entries relating to forfeiture and reissue of shares.
(2+2+4)

OR

A Limited Company invited applications for 20000 shares of ₹100 each at a premium of ₹20 per share (to be received in two equal installments each, at the time of allotment and along with the first call). The amount was payable as: On application - ₹30, on allotment - ₹35 and ₹35 on first and final call. Applications were received for 28000 shares. Applications for 3000 shares were rejected, where as applicants for 12000 shares were accepted in full. Remaining shares were allotted on pro-rata basis. All money due was received with the exception of allotment money on 50 shares by Ramesh out of the pro-rata category and call money on another 100 shares by those who were allotted in full. The company is very strict in this regard and immediately, after the due date, forfeited all the shares for such default. 100 of these shares were reissued as fully paid for a payment of ₹ 75 per share, the whole of Ramesh's shares having been included. Prepare Cash Book and Journalize the transactions in the books of the company. How much balance is still left in the Forfeited shares account? (8)

PART-B

Q18. State whether the Trade Payables is Current Liability or Non-Current Liability, in case the Operating Cycle is of 10 months and the expected period to settle the payment is 15 months . (1)

Q19. A company receives a dividend of ₹ 2 Lakhs on its investment in other company's share . Will it be Cash inflow from operating or investing activities in case of a :

(i) Finance Company.

(ii) Non-Finance Company. (1)

Q20. (a) Calculate return on Investment from the following information :

Net profit after Tax ₹6,50,000.
12.5% convertible debentures ₹ 8,00000.
Income Tax 50%.
Fixed Assets at cost ₹24,60,000.
Depreciation reserve ₹4,60,000.
Current Assets ₹ 15,00,000.
Current Liabilities ₹7,00,000.

(b) A company has a loan ₹15,00,000 as part of its capital employed. The interest payable on Loan is 15% and the ROI of the company is 25%. The rate of income tax is 60%. What is the Gain to shareholders due to the loan raised by the company ? (4)

Q21. a) A public company can allot its shares only when the applications received are at least equal to a particular number of shares. What name is given to this limit? Where is it shown in the Balance Sheet of a Company? (1)

b) Under which head/sub-heads will the following items be placed in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:

(i) Debenture Redemption Reserve (ii) Deferred Tax (Asset)

(iii) Loans repayable on demand (iv) Cash and Cash Equivalents

(v) Trademarks (vi) Bills Payable (3)

Q22. From the following Statement of Profit and Loss of Rajnigandha Ltd. for the year ended 31st March, 2017, prepare Comparative statement and a Common Size Statement for the current year:

Particulars	Note No.	2016-17 (₹)	2015-16 (₹)

Revenue from operations		30,00,000	20,00,000
Other Incomes(% of Revenue from operations)		15%	20%
Expenses(% of operating revenue)		60%	50%

Rate of income tax was 40%. (4)

Q23. From the following Balance Sheets of Reeta Ltd., as on 31st March 2017 & 2016, prepare a Cash Flow Statement of Reeta Ltd.

Balance Sheets as at 31st March 2017 & 2016

Particulars	Note No.	31.03.2017 ₹	31.03.2016 ₹
Equity and Liabilities			
Share holders' funds			
Share Capital	1	1,50,000	1,00,000
Reserves and Surplus	2	50,000	25,000
Non-current Liabilities			
Long term borrowings	3	25,000	50,000
Current Liabilities			
Trade payables		11,250	15,000
Short Term Provisions	4	32,500	30,000
Total		2,68,750	2 ,20,000
Assets			
Non-current Assets			
(a)Fixed Assets			
Tangible assets : Building		1,50,000	1,50,000
Intangible assets : Patents		11,250	12,500
		18,750	5,000

(b)Non-Current Investments			
<u>Current Assets</u>		63,750	45,000
Trade Receivables		3,750	2,500
Inventories		21,250	5,000
Cash and cash equivalents			
Total		2,68,750	2,20,000

Notes to Accounts:

Particulars	31.03.2017 ₹	31.03.2016 ₹
1 **Share Capital:**	1,50,000	
Equity Share capital		1,00,000
2 **Reserves and Surplus:**	50,000	
Balance of Stt. of Profit & Loss		25,000
3 **Long term borrowings:**	25,000	
10% Debentures		50,000
4 **Short Term Provisions:**	15,000	
Proposed Dividend	17,500	20,000
Provision for Tax		10,000

During the year, Building having book value ₹ 50,000 was sold for ₹ 48,000 and depreciation charged on Building was ₹ 8,000. (6)