KENDRIYA VIDYALAYA SANGATHAN, CHENNAI REGION

CLASS – XII THIRD COMMON PRE BOARD EXAMINATION 2012-13

Accountancy

Time allowed: 3 hrs
Max. Marks: 80

General Instructions:

1. This question paper contains two parts A and B
2. All parts of questions should be attempted at one place
3. Marks are indicated against each question

PART A

(PARTNERSHIP AND COMPANY ACCOUNTS)

1. A and B are partners in a firm without a partnership deed. A is an active partner and claims a salary of Rs. 20,000 per month. State with reason whether the claim is valid or not. 1
2. Joy and Josh are partners. Jillu is admitted for $1/4^{th}$ share. What is the ratio in which Joy and Josh will sacrifice their share in favour of Jillu? 1
3. State any two occasions on which a firm may be reconstituted. 1
4. Give any one difference between Dissolution of firm and Dissolution of Partnership. 1
5. What is meant by Buy Back of Shares? 1
6. Can "Securities Premium" be distributed as dividend? 1
7. What is meant by Convertible Debentures? 1
8. X, Y and Z are partners sharing profits and losses in the ratio of 3:2:1. After the final accounts have been prepared, it was discovered that interest on drawings @5%p.a. had not been taken into consideration. The drawings of the Partners were X Rs. 15,000 Y: 12,600 Z Rs. 12,000. Pass an adjustment entry. 3
9. Mukand Ltd. has issued 80,000, 8% debentures of Rs. 100 each of which half the amount is due for redemption on March 31^{st} 2012. The company has is in its Debenture Redemption Reserve Account a balance of Rs. 17,60,000. Record the necessary journal entries at the time of Redemption of Debentures. 3
10. Siva Ltd issued 21,000, 7% debentures of Rs. 100 each at a premium of 10% on Oct1, 2012 redeemable by conversion of debentures into shares of Rs. 10 each at a premium of 5% on June 30, 2006. Record necessary entries for issue and redemption of debentures. 3
11. A) X, Y and Z are partners sharing profits in the ratio of 3:2:1. Z is facing acute financial difficulties and it is now agreed that they will share the future profits equally. You are required to Identify the values involved in changing the profit sharing ratio. 2

    b) A, B and C are partners haring profits in 3:4;5. They agreed to share the future profits equally. Goodwill of the firm is valued at Rs. 3,00,000. Pass necessary journal entry. 2

12. Athi, Swamy and Gopu are partners in a firm sharing profits in the ratio of 5z;3:2. Swamy retired and the new profit sharing ratio between Athi and Gopu was 2;3. On Swamy's retirement the goodwill of the firm was valued at Rs. 6,00,000. Pass necessary journal entry for the treatment of goodwill on Swamy's retirement. 4

13. P Ltd purchased business from Q Ltd for a sum of Rs/. 25,00,000 , payable as Rs. 7,00,000 by issuing a cheque and the balance in fully paid equity shares of Rs. 100 each at 10% discount. The assets and liabilities consisted of the following

	Rs.
Plant and Machinery	15,00,000
Inventory	9,00,000
Trade Receivables	1,30,000
Trade Payables	1,40,000

Pass necessary journal entries in the books of P Ltd. 4

14. a) Green Valley Ltd. Offered 5,00,000 shares to public for subscription. Application were received for 7,50,000 shares and pro rata allotment was made to the applicants of 6,00,000 shares. Arushi applied for 4,800 shares and Navya was allotted 3,000 shares. Calculate;) How many applications have been rejected altogether? Ii) What is the pro rata ratio? Iii) How many shares were allotted to Arushi? Iv) How many shares were applied by Navya?

b) Which value has been affected by rejecting the 1,50,000 applications. Suggest a better alternative for the same. 4

15. Happy and Joy entered into partnership on 1st April 2011, contributing Rs. 5,00,000 and Rs. 6,00,000 respectively. They agreed to share profits and losses in the ratio of 2:3. Following information is provided regarding the partnership: i) Joy is allowed a salary of Rs. 10,000 per quarter. Ii) Interest is to be allowed on Capitals @ 8% p.a. and charged on drawings at 10% p.a. Drawings of Happy and Joy during the year were Rs. 30,000 and Rs. 50,000 respectively. Profits for the year ended 31st March, 2012 before the above mentioned adjustments was Rs. 2,14,000. Prepare Profit and Loss Appropriation a/c and Partner's Capital A/cs. 6

16.R, S and T were partners in a firm sharing profits in the ratio of 4:3:3. On 1st April, 2012 they decided to dissolve the firm. On that date R's Capital was R. 1,25,000 S's capital was Rs. 45,000 T's Capital was Rs. 15,000 (Dr.) The creditors amounted to Rs. 23,150 and cash in hand was Rs. 3,920. The assets realized Rs. 1,44,910 and the expenses of dissolution were Rs. 1,860. Prepare Realization account and show your workings clearly. 6

17. The Balance Sheet of A, B and C who were sharing profits and losses in the ratio of their capitals stood as follows on 31st March, 2012;

Liabilities	Amount	Assets		Amount
Sundry Creditors	6,900	Cash at Bank		5,500
Investments Fluctuation Fund	7,500	Sundry Debtors	5,000	
Capital Accounts:		Less Provision	100	4,900
A	18,000	Stock		8,000
B	13,500	Investments		11,500
C	9,000	Land Building		25,000
	54,900			54,900

B Retired on the above date and the following was agreed upon:

i) That stock be depreciated by 6%
ii) That the Provision for Doubtful Debts be brought up to 5%on Debtors.
iii) That Land and Buildings be appreciated by 20%
iv) That a provision of Rs. 770 be made in respect of outstanding legal charges
v) Investments are brought down to R. 8,500
vi) That the Goodwill of the entire firm be fixed at Rs. 10,800 and B's share of goodwill be adjusted into the accounts of A and C who are going to share future profits in the ratio of 5L3,
vii) The entire capital of the firm as newly constituted be fixed at Rs. 28,000 between and C in the proportion of 5:3 (actual cash to be brought in or paid off, as the case may be).
viii) Pass journal entries and show the Balance Sheet.

OR

X and Y are in partnership, sharing profits in the ratio of 5:3 respectively. Their balance sheet is as follows:

Liabilities	Amount	Assets	Amount
Creditors	36,000	Cash at Bank	7,800
Workmen's Compensation Fund	4,000	Debtors 40,000 Less Provision 1,800	38,200
Z's Loan a/c	30,000	Stock	56,000
Capital a/c:		Investments	10,000
X	70,000	Goodwill	10,000
Y	60,000	Plant	78,000
	2,00,000		2,00,000

Z is admitted into partnership on the following terms:

i) The new profit sharing ratio will be 4:3:2
ii) Z's loan should be treated as his capital.
iii) Goodwill of the firm is valued at Rs. 27,000
iv) Rs. 8,000 of investments were to be taken over by X and Y in their profit sharing ratio.
v) Stock be reduced by 10%
vi) Provision for doubtful debts should be @ 5% on debtors and a provision for discount on debtors @ 2% should also be made.
vii) X is to withdraw Rs. 6,000 in cash.
viii) Prepare revaluation a/c, capital a/c and Balance Sheet. 8

18. Magi Ltd. Issued 10,000 shares of Rs. 10 each at a discount of Rs. 1 per share which was to be allowed on allotment. The terms for payment were as follows: On application Rs. 2.50 per share; On allotment Rs. 2.50 per share. On first call Rs. 2 per share and on final call Rs. 2 per share.

All shares ere subscribed and money received, except the amount on 700 shares due on final call. The directors forfeited these shares and reissued 500 shares as fully paid up for Rs. 6 per share. Pass journal entries.

OR

H Ltd issued a prospectus inviting applications for 20,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows:

On application Rs. 2

On allotment Rs. 5 (including premium)

On First Call Rs. 3

On Second and Final Call the balance.

Applications were received for 30,000 shares and prorate allotment was made on the applications for 24,000 shares. Money overpaid on applications was employed on account of sum due on allotment.

Ramesh, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited. Mohan, holder of 600 shares, failed to pay the two calls and his shares were forfeited after the second call. All the forfeited shares were sold to Krishna credited as fully paid for Rs. 9 per share. Show the journal entries in the books of the company. 8

PART B

(FINANCIAL STATEMENT ANALYSIS)

19. The debt equity ratio of a company is 0.8:1. State whether the long-term loan obtained by the company will increase, decrease or not change the ratio. 1

20. State whether cash deposited in bank will result in inflow, outflow or no flow of cash. 1

21. Purchase of Fixed assets by issue of Debentures. Will this transaction result in inflow or outflow of cash? 1

22. Name the sub headings under Shareholder's Funds in the company's Balance Sheet as per revised Schedule VI of the companies Act. 3

23. From the following information, prepare a Comparative Statement of Profit and Loss:

Particulars	31.3.2011	31.3.2012
Revenue from Operations	60,00,000	75,00,000
Other Incomes	1,50,000	1,20,000
Expenses	44,00,000	50,60,000
Income Tax	35%	40%

4

24. A business has a current ratio of 3:1 and a quick ratio of 1.2:1. If the working capital is Rs. 1,80,000 calculate the total current Assets and Inventory. 4

25. From the following Balance Sheets of a company, calculate cash flow from operating activities:

Particulars	Note	31.3.2011	31.3.2012
I. EQUITY AND LIABILITIES:			
Shareholder's funds:			
Equity share Capital		1,00,000	1,00,000
Reserves and Surplus	1	30,000	60,000
Non-Current Liabilities			
Long term Borrowings	2	60,000	80,000
Current Liabilities:			
Trade Payables		60,000	45,000
Other Current Liabilities		40,000	45,000
Total		2,90,000	3,30,000
II. ASSETS:			
Non-current Assets:			
Fixed Assets		1,50,000	1,90,000
Non-current Investments		40,000	30,000
Current Assets:			
Inventory		40,000	55,000
Trade Receivables		40,000	45,000
Cash and Cash Equivalents		20,000	10,000
		2,90,000	

Total			3,30,000

Notes: 1. Reserves and Surplus :

Profit and Loss Balance	30,000	60,000

2. Long term Borrowings:

6% Debentures	60,000	80,000

Additional Information:

i) A piece of machinery costing Rs. 5,000, on which depreciation of Rs. 2,000 had been charged was sold for Rs. 1,000. Depreciation charged during the year wasRs. 17,000.

ii) New debentures have been issued on 1st August, 2011. 6
