

## Practice Paper-3

2020-21

CLASS – XII

TIME: 3HRS

SUBJECT – ACCOUNTANCY

MM: 80

### General Instructions:

1. This question paper contains two parts – A & B.
2. All parts of a question should be attempted at one place only.

### PART – A

### (ACCOUNTING FOR NOT FOR PROFIT ORGANISATION, PARTNERSHIP FIRM AND COMPANIES)

1. Income and expenditure A/C is a \_\_\_\_\_. (1)  
(a) Real A/C (c) Personal A/C  
(b) Nominal A/C (d) Basic A/C
2. When the incoming partner brings in his share of premium for goodwill in kind, it is adjusted by crediting to : (1)  
(a) Incoming Partner's Capital Account (c) Premium for Goodwill Account  
(b) Sacrificing Partner's Capital Account (d) None of the above
3. On the dissolution of a partnership firm of X & Y, X's Loan of Rs.10,000 & Mrs. Y's Loan of Rs.25,000 appear on the liabilities side of Balance Sheet. Payment will be made first to :  
(a) Mrs. Y's Loan (c) Both of them in the ratio of amount of loan  
(b) X's Loan (d) Both of them in profit sharing ratio of X & Y (1)
4. If at the time of admission of a new partner, there is some unrecorded asset, it will be transferred to: (1)  
(a) Capital Accounts of old partners (c) Capital Accounts of all Partners  
(b) Goodwill Account (d) Revaluation Account
5. Goodwill of a firm is a: (1)  
(a) Current Asset (c) Fixed tangible asset  
(b) Fixed intangible asset (d) Fictitious asset
6. Loss on issue of debentures is written off out of:  
a. Securities premium reserve b. Balance in statement of Profit and loss  
c. Both a and b d. none (1)
7. The goodwill of a firm was to be valued at two years' purchase of the average profits of the last three years. The profits were as under:  
2014 – 15: Rs. 20,000 (including an abnormal gain of Rs. 5,000)  
2015 – 16: Rs. 40,000 (after charging an abnormal loss of Rs. 10,000)  
2016 – 17: Rs. 40,000  
Calculate the amount of goodwill. (1)
8. In the event of dissolution of a partnership firm, the provision for doubtful debts is transferred to \_\_\_\_\_ Account. (1)

9. To forfeit shares, share capital account is debited with ----- capital. (1)

10. Fixed Assets(Book Value Rs. 45,000) is undervalued by 10%. Calculate the value (Dr./Cr.) to be shown in Revaluation account.

- (a) Rs. 4,500, Dr. (b) Rs. 4,500, Cr.  
(c) Rs. 5,000, Dr. (d) Rs. 5,000, Cr (1)

11. Guddu and Bablu are partners sharing profits equally. Guddu withdrew Rs. 1,000 p.m regularly on the first day of every month for personal expenses. Interest on drawings charged @5%. Calculate Interest on drawings of Guddu:

- (a) Rs. 600 (b) Rs. 250  
(c) Rs. 500 (d) Rs. 1,200 (1)

12. P, Q and R were partners in a firm sharing profits and losses in the ratio of 4: 3:2. Q retired and his share was taken over by P and R equally. Calculate the gaining ratio.

(1)

13. The balance in the investment Fluctuation fund after meeting the fall in book value of investment , at the time of admission of partner will transferred to : (1)

(a)Revaluation Account

(b) Capital Account of old Partners

(c) General Reserve

(d) capital Account of All Partners

14. From the following information calculate the amount of subscriptions outstanding for the year 2018 – 19: (3)

A club has 250 members each paying on annual subscription of Rs.1,000 each. The receipts & payments account for the year showed a sum of Rs.2,95,000 received as subscription. The following additional information is provided.

Subscription outstanding on 31 <sup>st</sup> March, 2018	Rs.60,000
Subscription received in advance on 31 <sup>st</sup> March, 2019	Rs.50,000
Subscription received in advance on 31 <sup>st</sup> March, 2018	Rs.12,000

**OR**

From the following information, calculate the amount of medicines to be debited to the Income & Expenditure Account of Kind Heartz Hospital for the year ended 31<sup>st</sup> March, 2018:

Stock of medicines on 1.04.2017	
Rs.2,47,000	
Stock of medicines on 31.03.2018	Rs.3,69,000
Creditors of medicines on 1.04.2017	Rs.17,85,000
Creditors of medicines on 31.03.2018	
Rs.19,37,000	

Paid to creditors for medicines during the year ended 31.03.2018 Rs.20,00,000

15. Amar, Akbar & Anthony were partners. Their capitals were Rs.30,000; Rs.20,000 & Rs.10,000 respectively. According to the partnership deed they were entitled to an interest on capital at 5% p.a. In addition Akbar was also entitled to draw a salary of Rs.500 per month. Anthony was entitled to a commission of 5% on the profits after charging the

interest on capital, but before charging the salary payable to Akbar. The Net Profit for the year were Rs.30,000, distributed in the ratio of their capital without providing for any of the above adjustments. The profits were to be shared in the ratio of 2:2:1. Pass the necessary adjustment entry showing the workings clearly. (4)

**OR**

P, Q & R are partners in a firm sharing profits & losses in the ratio 2:2:1. From 1<sup>st</sup> April, 2019, they decided to share future profit & losses equally. Pass a single journal entry to give effect the following items:

- (i) General Reserve appear in the Balance Sheet at Rs.75,000.
- (ii) Goodwill is valued at Rs.30,000.
- (iii) Revaluation of assets & Reassessment of liabilities show a Gain of Rs.45,000.
- (iv) Advertisement Suspense Account appeared in the balance sheet at Rs.30,000.

**16.** On 1<sup>st</sup> April 2017, KS Ltd. was formed with an authorized capital of Rs.10,00,000 divided into 1,00,000 Equity Shares of Rs.10 each. The company issued 90,000 equity shares. The company received applications for 85,000 shares. During the first year, Rs.8 were called. V holding 1,000 shares & K holding 2,000 shares did not pay the first call of Rs.2 per share. V's shares were forfeited after the first call & later on 1,500 of the forfeited shares were reissued at Rs.6 per share, Rs.8 called up.

Show share capital in the Balance Sheet of the company as per Schedule – III, Part – I of the Companies Act, 2013. Also prepare 'Notes to the Account' for the same. (4)

**17.** The firm of M, S and G was dissolved on 31st March, 2019. Pass necessary journal entries for the above transactions in the books of the firm:

- i. It was agreed that S will take care of the dissolution related activities and will get 10% of the value of assets realised. S agreed to bear the realisation expenses.
- ii. Assets realised Rs. 10,00,750
- iii. Realization expenses were Rs. 90,000, which were paid from the firm's cash.
- iv. Rs. 4,50,000 were paid to the creditors in full settlement of their claim. (4)

**18.** A and B were partners in a firm sharing profits in the ratio of 5:3. Their fixed capitals on 31st March, 2017 were: A Rs. 60,000 and B Rs. 80,000. They agreed to allow interest on capital @ 12% p.a. The profit of the firm for the year ended 31st March, 2018 before allowing interest on capitals was Rs. 12,600. Pass necessary journal entries for the above transactions in the books of A and B. Also show your working notes clearly. (4)

**19.** Prepare Income and Expenditure Account from the following particulars of Youth Club, for the year ended on 31st March, 2018: (6)

Receipts and Payments A/c			
for the year ended on 31st March, 2018			
Receipt	Amount	Payment	Amount

To Balance b/d	10,000	By Salary	15,000
To Subscriptions	52,000	By Billards Table	20,000
To Tournament fund	26,000	By Office Expenses	6,000
To Entrance Fees	5,000	By Tournament Expenses	31,000
To Sale of old Newspaper	1,000		40,000
To Legacy	37,000	By Sport Equipment	19,000
		By balance c/d	
	<u>1,31,000</u>		<u>1,31,000</u>

**Other Informations:**

- On 31<sup>st</sup> March, 2018 Subscriptions Outstanding were Rs 2,000 and on 31<sup>st</sup> March, 2017 Subscription Outstanding were Rs 3,000.
- Salary Outstanding on 31<sup>st</sup> March, 2018 was Rs 1,500.
- On 1<sup>st</sup> April, 2017, The club had building Rs 75,000, Furniture Rs 18,000, Investment Rs 30,000 and Sports Equipment Rs 30,000.
- Depreciation charged on these items including purchase of Billards Table was 10%.

**20. Give Journal entries for the following:**

(2+2+2=6)

- S Ltd., issued 365, 9% Debentures of Rs.1,000 each on 04/03/2017. Pass necessary journal entries for issue of debentures in following situations:
  - When debentures were issued at par, redeemable at a premium of 10%.
  - When the debentures were issued at 6% discount, redeemable at 5% premium.
- Kamla Ltd. bought the business of Verma Ltd. on 1/04/2018 consisting of Sundry Assets of Rs.2,80,000 & Creditors of Rs.50,000. Rs.50,000 was paid in cash on 03/04/2018 and for the balance 6% Debentures were issued at a premium of 20% on 05/04/2018. Pass journal entries in the books of Sharma Ltd.
- During the year 2017-2018, Sky Ltd. took a loan of Rs.2,00,000 from the State Bank of India for which the company placed with the Bank 12% Debentures of Rs.2,50,000 as collateral security. Pass necessary journal entry to record debenture issue.

21. Guddu and Bablu were partners in a firm sharing profits and losses in the ratio of 2:1. On 31st March, 2018, their Balance Sheet was as follows:

**Balance Sheet of Raman and Rohit as at 31st March, 2018**

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Capital :		Plant and Machinery	1,75,000
Guddu 1,40,000		Furniture and Fixtures	65,000
Bablu 1,00,000	2,40,000	Stock	47,000
Workmen Compensation Fund	40,000	Debtors	
Creditors	1,60,000	1,10,000	
		Less : Provision for doubtful debts	1,03,000
			50,000
	<b>4,40,000</b>	7,000	<b>4,40,000</b>
		Bank Balance	

On the above date, Munna was admitted in the partnership firm. Guddu surrendered  $\frac{2}{5}$ <sup>th</sup> of his share and Bablu surrendered  $\frac{1}{5}$ <sup>th</sup> of his share in favour of Munna. It was agreed that:

- (i) Plant and machinery will be reduced by Rs. 35,000 and furniture and fixtures will be reduced to Rs. 58,500.
- (ii) Provision for bad and doubtful debts will be increased by Rs. 3,000.
- (iii) A claim for Rs. 16,000 for workmen's compensation was admitted.
- (iv) A liability of Rs. 2,500 included in creditors is not likely to arise.
- (v) Munna will bring Rs. 42,000 as her share of goodwill premium and Rs. 1,00,000 as capital.

Pass journal entries, prepare Revaluation Account and Partners' Capital A/c.

**OR**

S, G and K were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2018, their Balance Sheet was as follows:

**Balance Sheet of S, G and K as at 31st March, 2018**

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Capital :		Stock	2,40,000
S 3,00,000		Debtors	1,60,000
G 2,50,000		Bank Balance	1,40,000
K 3,50,000	9,00,000	Investments	2,00,000
Employees' Provident Fund	60,000	Fixed Assets	3,60,000
Creditors	40,000		
Profit and Loss Account	1,00,000		
	<b>11,00,000</b>		<b>11,00,000</b>

On the above date, S retired and it was agreed that:

- (i) Fixed Assets will be reduced to Rs. 2,90,000.
- (ii) A provision of 5% on debtors for bad and doubtful debts will be created.
- (iii) Stock was to be valued at Rs. 2,18,000. S took over the stock at this value.
- (iv) Goodwill of the firm on S's retirement was valued at Rs. 8,00,000. S's share of goodwill was treated by debiting G and K's Capital Accounts.
- (v) G and K will share the future profits in the ratio of 2 : 3.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm. (8)

**22.** Record the journal entries for forfeiture and reissue in the following cases:

- a) X Ltd. Forfeited 200 shares of Rs. 100 each , Rs, 70 called up, on which the shareholders had paid application and allotment money of Rs. 50 per share. Out of these, 150 shares were reissued to Namisha as Rs. 70 paid up for Rs. 80 per share.
- b) Y Ltd. Forfeited 180 shares of Rs. 10 each , Rs, 8 called up, issued at a premium of Rs. 2 per share to Rama for nonpayment of allotment money of Rs 5 per share (including premium) . Out of these, 160 shares were reissued to Samita. As Rs. 8 called up for Rs. 10 per share fully paid up.
- c) Z Ltd. Forfeited 30 shares of Rs. 100 each for non payment of first and final call money of Rs 30 per share. Out of these, 30 shares were reissued at Rs. 30 per share fully paid up.  
(3+3+2)

Or

Bharat Ltd. invited applications for issuing 1,50,000 equity shares of Rs.10 each at a premium of Rs.3 per share. The amount was payable as follows:

Rs.2 per share on Application; Rs.6 per share (including premium) on Allotment and the balance on First & Final Call

Applications for 2,00,000 shares were received & shares were allotted on pro-rata basis to all the applicants. Excess money received with applications was adjusted towards sum due on allotment. Ajay who had applied for 2,000 shares failed to pay the allotment & call money. Vijay failed to pay first & final call on his 500 shares. Shares of both Ajay & Vijay were forfeited after the final call. The forfeited shares were reissued for Rs.12 per share as fully paid up.

Pass necessary journal entries for the above transactions in the books of the company. (8)

#### **PART B**

**Q.23** State whether true or false- "Statement of profit and loss shows the operating performance of an enterprise over a period of time." (1)

**Q.24** Common size statements are also known as \_\_\_\_\_ analysis. (1)

**Q.25** How will you disclose the "uncalled liability on party paid up shares" in company's Balance sheet? (1)

**Q.26** State two objectives of financial statement analysis. (1)

**Q.27** Assuming that the Debt to Equity ratio of a company is 0.50, state whether this ratio would increase, decrease or remain unchanged on the Purchase of fixed assets on a credit of 3 months. (1)

**Q.28** State with reason whether 'cash deposited in bank' will result in inflow, outflow or no flow of cash while preparing Cash Flow Statement. (1)

**Q.29** When can 'Receipt of Dividend' be classified as an operating activity? (1)

**Q.30** Under which major heads and sub-heads will the following items be presented in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013 ?

- (i) Bank Overdraft
- (ii) Capital Redemption Reserve
- (iii) Mining Rights

**OR**

From the following information of Shiva Ltd., calculate total assets to debt ratio :

Equity Share Capital –	Rs. 5,00,000	
9% Preference Share Capital –	Rs. 4,00,000	
Fixed Assets –	Rs. 12,00,000	
Non-Current Investments –	Rs. 1,50,000	
Reserves and Surplus –	Rs. 2,40,000	
Current Assets –	Rs. 1,90,000	
Current Liabilities –	Rs. 1,00,000	(3)

**Q.31** From the following information prepare Comparative Balance Sheet of XYZ Ltd.:

Particulars	Amount(Rs.) as at 31.3.2019	Amount(Rs.) as at 31.3.2018
Share Capital	25,00,000	25,00,000
Reserves and Surplus	6,00,000	10,00,000
Long-term Borrowings	16,00,000	15,00,000
Current Liabilities	5,00,000	4,50,000
Fixed Assets	35,00,000	25,00,000
Investments (Non-Current)	10,50,000	15,00,000
Current Assets	6,50,000	14,50,000

**OR**

Extra milage Ltd. was in the business of manufacturing Motorbikes. Following information is related to Extra milage Ltd.

Particulars	Absolute Amounts (Rs.)		Percentage of Revenue from operations (Net Sales)	
	X Ltd. (Rs.) 2015	Y Ltd. (Rs.) 2015	X Ltd. (Rs.) 2015 (%)	Y Ltd. (Rs.) 2015 (%)
Revenue from operations	2,500,000	20,00,000	100	100
<b>Add:</b> Other Income	.....	2,00,000	12	.....

Total Revenue (1+2)	28,00,000	.....	112	.....
(Expenses) Other Expenses	.....	.....	.....	40
Profit before tax (3-4)	.....	14,00,000	88	.....
Income Tax 50%	.....	.....	.....	.....
Profit after tax	.....	7,00,000	.....	.....

(4)

**Q.32** From the following Balance Sheet of SK Ltd. as at 31st March, 2019, prepare a Cash Flow Statement:

**Axe Ltd.**

**Balance Sheet as at 31.3.2019**

Sr. No.	Particulars	Note No.	Amount(Rs.) as at 31.3.2019	Amount(Rs.) as at 31.3.2018
1.	<b>I – Equity and Liabilities :</b> <b>Shareholder’s Funds :</b> (a) Share Capital	1	6,30,000	5,60,000
	(b) Reserves and Surplus		3,80,000	1,82,000
2.	<b>Current Liabilities :</b> (a) Trade Payables (b) Other Current Liabilities		2,08,000 14,000	1,82,000 28,000
	<b>Total</b>		<b>12,32,000</b>	<b>9,52,000</b>
1.	<b>II – Assets :</b> <b>Non-Current Assets :</b> <b>(a) Fixed Assets :</b> (i) Tangible Assets	2	3,92,000	2,80,000
2.	<b>Current Assets :</b> (a) Inventories (b) Trade Receivables (c) Cash and Cash Equivalentents		1,26,000 6,30,000 84,000	1,82,000 4,20,000 70,000
	<b>Total</b>		<b>12,32,000</b>	<b>9,52,000</b>

**Notes to Accounts :**

Note No.	Particulars	Amount(Rs.) as at	Amount(Rs.) as at
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		<b>31.3.2019</b>	<b>31.3.2018</b>
1.	<b>Reserves and Surplus:</b>		
	Balance in the Statement of Profit and Loss	2,00,000	1,00,000
	General Reserve	1,80,000	82,000
		<b>3,80,000</b>	<b>1,82,000</b>
2.	<b>Tangible Assets :</b>		
	Machinery Cost	4,50,000	3,60,000
	Accumulated Depreciation	(58,000)	(80,000)
		<b>3,92,000</b>	<b>2,80,000</b>

Additional Information:

An old machinery costing Rs. 42,000, on which accumulated depreciation was Rs. 28,000 was sold for Rs.56,000.

(6)