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SUBJECT CODE: 055

**COIMBATORE & MADURAI SAHODAYA SCHOOLS COMPLEX
COMMON EXAMINATION**

DECEMBER 2020

Grade: XII

ACCOUNTANCY

Max. Marks: 80

Date: 16.12.2020

(SET – A)

Time: 3 hrs

General Instructions:

- i) This question paper comprises two Parts – A and B. There are 32 questions in the question paper. All questions are compulsory.
- ii) Question nos. 1 to 13 and 23 to 29 are very short answer type questions carrying 1 mark each.
- iii) Question nos. 14 and 30 are short answer type–I questions carrying 3 marks each.
- iv) Question nos. 15 to 18 and 31 are short answer type–II questions carrying 4 marks each.
- v) Question nos. 19, 20 and 32 are long answer type–I questions carrying 6 marks each.
- vi) Question nos. 21 and 22 are long answer type–II questions carrying 8 marks each.
- vii) There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, 2 questions of four marks and 2 questions of eight marks

Reading time : 9.15 am to 9.30 am

Writing time: 9.30 am to 12.30 pm

Part - A

**ACCOUNTING FOR NOT - FOR - PROFIT ORGANISATIONS,
PARTNERSHIP FIRMS AND COMPANIES**

1. Profit is guaranteed to (1)
 - a) Incoming partner.
 - b) Retiring partner.
 - c) Heirs of a deceased partner.
 - d) All of above.
2. Harsh & Co. is dissolved. It was agreed with Amar, a partner that he will oversee the dissolution for a remuneration of Rs.15, 000. Dissolution Expenses were Rs.18, 000, which were paid by the firm. Realisation Account will be debited by (1)
 - a) Rs.15, 000.
 - b) Rs.18, 000.
 - c) Rs.33, 000.
 - d) Rs.3, 000.
3. Interest on Partner's Loan is credited to Partner's Loan Account because _____ (1)

4. Complete the following Statement:
Past adjustment is adjustment for _____ . (1)
5. Drawings against capital are not considered for calculation of interest on capital. Is it correct? (1)
6. Give the journal entry to distribute 'Workmen Compensation Reserve' of Rs.1, 20,000 at the time of retirement of Mohan, if there is no claim against it. The firm has three partners Ram, Shyam and Mohan. (1)
7. Calls-in-Arrears Account shows _____ . (1)
- a) Credit balance.
 - b) Debit balance.
 - c) Debit or Credit balance.
 - d) Nil balance.
8. Profit and Loss Appropriation Account is prepared to give effect to (1)
- a) Partnership Act, 1932.
 - b) Partnership Act 1932 and Partnership Deed.
 - c) Partnership Deed.
 - d) Partnership Deed and other Agreements.
9. X, Y and Z are partners sharing profits in the ratio of 3:2:1. Y retired from the firm. New profit-sharing ratio is decided to be 5:1. For the adjustment of goodwill, accountant has calculated Gaining Ratio as 2:3. Is the accountant correct? (1)
10. A, B and C are partners sharing profits and losses in the ratio of 3:2:1. C retires and the new profit-sharing ratio between A and B is 3:2. What is the gaining ratio? (1)
- a) Nil.
 - b) 3:2.
 - c) 2:1.
 - d) 4:3.
11. Premium payable on redemption of debentures is accounted at the time of issue of debentures because of _____ . (1)
12. In the absence of any provision in the Partnership Deed, interest on drawings of a partner (1)
- a) Will not be charged.

- b) Will not be charged @6% p.a.
- c) Will not be charged @6% p.m.
- d) Will not be charged even if there are no profits.

13. Which of the following is not an essential element of a partnership? (1)

- a) At least two persons.
- b) There is an agreement between all partners.
- c) Partnership agreement is for a business.
- d) Equal share of profits and losses.

14. How are following items dealt while preparing the final accounts of Youth Club for the year ending 31st March, 2020:

Expenditure on construction of Hostel Rs.6, 00,000. The construction work is in progress and has not yet completed.

Particulars	Rs
a) Opening Hostel Fund	8,00,000
b) Opening 10% Hostel Fund Investments	8,00,000
c) Donation for Hostel Fund Received	10,00,000
d) Interest Received on Hostel Fund Investments	80,000
e) Opening Capital Fund	18,00,000
d) Subscription for Governor's Party Received	40,000
g) Outstanding Subscription for Governor's Party	10,000

(Or)

From the following information, determine the amount to be debited as Medicine Consumed in Income and Expenditure Account for the year ended 31st March, 2020:

Stock of Medicines on 1 st April, 2019	60,000
Creditors for Medicines on 1 st April, 2019	40,000

Amount paid for Medicines during the year ended on 31st March, 2020 2,16,000

Stock of Medicines on 31st March, 2020 10,000

Creditors for Medicines on 31st March, 2020 26,000

Also, show the above items in the Income and Expenditure Account for the year ended 31st March, 2020 and in the Balance Sheet as at that date. (3)

15. A, B and C were partners. Their capitals were A-Rs 30,000; B-Rs 20,000 and C-Rs 10,000 respectively. According to the Partnership Deed, they were entitled to interest on capital at 5% p.a. In addition, B was also entitled to draw a salary of Rs.500 per month. C was entitled to commission of 5% on the profits after charging interest on capital, but before charging salary payable to B. Net Profit for the year Rs.30,000 was distributed in the ratio of capitals without above appropriations. The profit was to be shared in the ratio of 2:2:1. Pass the necessary adjustment entry showing the workings clearly. (Or)

X, Y and Z who were sharing profits in the ratio of 5:3:2, decide to share future profits equally with effect from 1st April, 2020. Goodwill of the firm has been valued at Rs.9,00,000. Goodwill already existing in the books is at Rs.1,50,000.

Show the necessary accounting treatment. (4)

16. L and M were partners in a firm sharing profits in the ratio of 2:3. On 31st March, 2020 the firm was dissolved. After transferring assets (other than cash) and outsiders' liabilities to Realisation Account you are given the following information:

- i. A creditor for Rs.1,40,000 accepted building valued at Rs.1,80,000 and paid to the firm Rs.40,000.
- ii. A second creditor for Rs.30,000 accepted machinery valued at Rs.28,000 in full settlement of his claim.
- iii. A third creditor of Rs.70,000 accepted Rs.30,000 in cash and investments of the book value of Rs.45,000 in settlement of his claim.
- iv. Loss on dissolution was 4,000.

Pass necessary journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque. (4)

17.Hind Ltd. registered with capital of Rs.90,00, 000 divided into 90,000 equity shares of Rs.100 each. The company allotted 20,000 equity shares of Rs.100 each as fully paid to the vendor against the purchase of building and issued prospectus inviting applications for 50,000 equity shares of Rs.100 each payable as Rs.20 on application, Rs.30 on allotment, Rs.20 on first call and balance on second call.

Applications were received for 45,000 shares. Raman to whom 1,600 shares were allotted, did not pay final call money and these share were forfeited. Of the forfeited shares, 600 shares were reissued to Sukhman, credited as fully Paid for Rs.90 per share. Show the Share Capital as per Schedule III of Companies Act, 2013. (4)

18.Ramesh, Suresh and Naresh were partners in a firm sharing profits in the ratio of 2:2:1. On 31st March,2020, their Balance Sheet was as follows:

Liabilities	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
Ramesh	2,36,000		
Suresh	2,36,000		
Naresh	98,000		
	5,70,000		
	7,00,000		7,00,000

Suresh died on 30th June, 2020.The Partnership Dee provide for following on the death of partner:

- i. Goodwill of the firm was to be valued at 2 year's purchase of the average profit of last 5 years. Profits for the year ended 31st March, 2016,3st March, 2017,31st March ,2018 and 31st March ,2019 were Rs.50,000;Rs.80,000;Rs.1,10,000 and Rs.2,20,000 respectively. Loss for the year ended 31st March, 2020 was Rs.1,60,000.
- ii. Suresh's share in the 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, 2020.

You are required to calculate the following:

- a) Goodwill of the firm and Suresh's share of goodwill at the time of his death.
- b) Suresh's share in the profit or loss of the firm till the date of his death.
- c) Pass necessary Journal entries for the treatment of goodwill and adjustment of Suresh's share of profit or loss till the date of his death. (4)

19. Hardcore Computers Ltd. was formed with authorized capital of RS. 20,00,000 divided into equity shares of Rs.10 each. It issued 5,000 equity shares to promoters for incorporating the company. It subsequently purchased a running business from computer Ltd. Rs.60,000 payable by cheque and issue of 4,500, 10% Debentures of Rs.100 each at a premium of 20% for the balance. The assets and liabilities were as followings:

Buildings Rs. 3,00,000; Computers Rs.1,00,000; Stock Rs.2,00,000; Sundry Debtors Rs.1,00,000; Sundry creditors Rs.80,000.

Pass necessary Journal entries in the books of Hardcore Computers Ltd.

Or

Pass the necessary Journal entries for the issue of debentures in the following cases:

- a) Rs. 40,000, 9% Debentures of Rs.100 each issued at par redeemable at 10% premium.
- b) Rs. 90,000, 9% Debentures of Rs.100 each issued at a discount of 5% redeemable at a premium of 10%.
- c) Rs.10,000, 9% Debentures of Rs.100 each issued at a premium of Rs.10 and redeemable at a premium of 10% after five years. (6)

20. From the following particulars of Young Achiever's Club, prepare an Income and Expenditure Account for the year ended 31st March, 2020 and Balance sheet as on that date:

Receipts and Payments Account
for the year ended 31st March, 2020

Dr.

<i>Receipts</i>		<i>Payments</i>	
To Balance b/d		By Salaries	31,500
Cash in Hand	10,000	By Postage	1,250

Cash at Bank	22,500	32,500	By Rent	9,000
To Subscriptions :			By Printing and Stationery	14,000
2018 – 19	1,500		By Sports Material	11,500
2019 – 20	60,000		By Miscellaneous Expenses	3,100
2020 – 21	1,800	63,300	By Furniture (01.10.2019)	20,000
To Donation (Billards Table)		90,000	By 10% Investments (01.07.2019)	70,000
To Entrance Fees		1,100	By Balance c/d :	
			Cash in Hand	5,000
			Cash at Bank	22,000
				27,000
		1,87,350		1,87,350

Additional Information :

- (a) There are 250 members each paying an annual subscription of ` 300.
(b) ` 1,200 are in arrears for subscription for the year ended 31st March, 2019.
(c) Value of sports material in the beginning and at the end of the year was ` 3,000 and ` 4,500 respectively.
(d) Depreciation to be provided @ 10% p.a. on Furniture.
(e) Capital Fund as on 1st April, 2019 was ` 38,200. (6)

21. P, Q and R were partners in a firm sharing profits in the ratio of 7:2:1. On 1st April 2020 their Balance sheet was as follows:

Balance sheet of P, Q and R as on 1st April 2020

Liabilities	Rs.	Assets	Rs.
Capital A/cs:		Land	12,00,000
P 9,00,000		Building	9,00,000
Q 8,40,000		Furniture	3,60,000
R 9,00,000	26,40,000	Stock	6,60,000
General reserve	3,60,000	Debtors	6,00,000
Workmen's compensation reserve	5,40,000	Less: provision for Doubtful debts	30,000
Creditors	3,60,000	Cash at bank	2,10,000

	39,00,000		39,00,000
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On the above date Q retired

Following was agreed:

- i) Goodwill of the firm was valued at Rs. 12,00,000
- ii) Land was to be appreciated by 30% and building was to be decreased by Rs. 3,00,000
- iii) Value of furniture was to be reduced by Rs. 60,000
- iv) Liability for workmen's compensation was determined at Rs. 1,40,000
- v) Amount payable to Q was transferred to his loan account. His loan is to be paid after two years with interest due @ 12% p.a

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

(OR)

A and B were partners in a firm sharing profits in ratio of 3:1. They admitted C for $\frac{1}{4}$ share in profits. C was to bring Rs. 60,000 for his capital but was not in a position to bring amount of goodwill. Balance sheet of A and B on 1st April, 2020, the date on which C was admitted was as follows:

Liability	Rs.	Assets	Rs
Capital A/cs:		Land and building	40,000
A	50,000	Goodwill	40,000
B	80,000	Plant and machinery	70,000
	<hr/>	Stock	30,000
Workmen compensation reserve	40,000	Debtors	35,000
General reserve	10,000	Less: Provision for doubtful	
Sundry creditors	70,000	debts	1,000
		Investments	26,000
		Cash	10,000
			<hr/>

	2,50,000		2,50,000
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Other terms agreed upon were:

- i) Goodwill of the firm was valued at Rs. 24,000
- ii) Land and building was valued at Rs. 65,000 and plant and machinery at Rs. 60,000
- iii) Provision for doubtful debts was found in excess by Rs. 400
- iv) A liability of Rs. 1200 included in Sundry Creditors was not likely to arise.
- v) A debtor whose dues of Rs. 2000 were written off as bad debts paid 50%
- vi) Stock is overvalued by Rs. 1000

Prepare Revaluation account and partners' capital accounts (8)

22. Sun & Moon Ltd. having a nominal capital of ₹ 30,00,000, divided into shares of ₹ 100 each. It offered to public for subscription 20,000 shares payable ₹ 20 on application : ₹ 30 on allotment and the balance in two calls of ₹ 25 each. Applications were received by the company for 24,000 shares. Applications for 20,000 shares were accepted in full and the shares were allotted. Balance applications were rejected and the application money was refunded.

Amounts due were received with the exception of the final call on 600 shares which were forfeited after legal formalities were fulfilled. 400 shares of the forfeited shares were reissued at ₹ 90 per share as fully paid –up.

Record necessary Journal entries and prepare the balance sheet showing Share Capital. The company had transferred the amount not received to Calls-in-Arrears Account.

(OR)

Pass Journal entries for forfeiture and reissue of shares in the following cases:

- (a) X Ltd. forfeited 20 shares of ₹ 10 each. ₹ 7 called-up on which the shareholder had paid application and allotment money of ₹ 5 per share. Amount not received on call is transferred to Calls-in-Arrears Account. Out of these, 15 shares were reissued to Naresh as ₹ 7 per share paid-up for ₹ 8 per share.
- (b) Y Ltd. forfeited 90 shares of ₹ 10 each. ₹ 8 called-up issued at a premium of ₹ 2 per share to 'R' for non-payment of allotment money of ₹ 5 per share (including

premium). Out of these, 80 shares were reissued to Sanjay as ₹ 8 called-up for ₹ 10 per share.

- (c) Z Ltd. forfeited 50 shares of ₹ 100 each issued at 10% premium (to be paid at the time of allotment) for non-payment of first call of ₹ 30 per share. The second and final call of ₹ 20 per share was not yet made. 20 of these shares were reissued at ₹ 80 paid-up for ₹ 30 per share. (8)

Part - B

ANALYSIS OF FINANCIAL STATEMENTS

23. Current ratio is 2: 1. State giving reason whether the current Ratio will improve or decline or will not change on purchase of inventory for cash. (1)
24. Which of the following is not a limitation of analysis of financial statements? (1)
- a) Window Dressing
 - b) Price level changes ignored
 - c) Subjectivity
 - d) Intra - firm comparison possible
25. Cash proceeds from issue of debentures are shown under cash flow from investing activities. Is it correct? (1)
26. Ratio Analysis is only quantitative analysis and not_____ . (1)
27. Statement that measures increase or decrease in each item of Revenue and Expense taking previous year's value as terms of rupees and percentage is (1)
- a) Comparative Balance Sheet.
 - b) Common-size Statement of Profit and Loss.
 - c) Comparative Statement of Profit and Loss.
 - d) Common-size Statement of Profit and Loss.
28. While preparing Common-size Balance Sheet, each item of Balance Sheet is expressed as % of (1)
- a) Non-Current Assets.
 - b) Current Assets.
 - c) Non-current Liabilities.
 - d) Total Assets.

29. If Revenue from Operations for current year is Rs.10,00,000 and proportionate increase is 25% . Revenue from Operations for the previous year would be (1)
- Rs. 9, 00,000.
 - Rs. 6, 00,000.
 - Rs. 8, 00,000.
 - Rs. 7, 00,000.

30. From the following information, prepare a comparative statement of profit and loss of JK Ltd.

Particulars	31 st March, 2019	31 st March, 2020
Revenue from operations	Rs. 80,00,000	Rs. 1,20,00,000
Expenses	Rs. 48,00,000	Rs. 84,00,000
Other incomes	Rs. 16,00,000	Rs. 14,40,000
Income tax	50%	50%

(OR)

Fcon Ltd.

COMPARATIVE STATEMENT OF PROFIT AND LOSS

for the years ended 31st March, 2019 and 2020

Particulars	No	31 st March, 2019 Rs	31 st March, 2020 Rs.	Absolute change (increase or Decrease) (Rs)	Percentage change (increase or Decrease) (%)
I. Revenue from operations		4,20,000	8,00,000	?	90.48
II. Expenses					
a) Purchases of stock - in - trade		2,50,000	?	2,00,000	80.00
b) Change in inventories		50,000	50,000	?	...

of stock - in - trade					
c) Other expenses	30,000	40,000	10,000	33.33	
Total expenses	3,30,000	5,40,000	2,10,000	63.64	
III. Profit before Tax (I - II)	90,000	2,60,000	1,70,000	188.89	
Less : Tax	27,000	78,000	?	188.89	
IV. Profit after Tax	63,000	1,82,000	?	188.89	

Complete the above comparative statement of profit and loss for the year ended 31st March, 2019 and 31st March, 2020 (3)

31. a) Inventory Turnover Ratio is 5 times, inventory at the end is Rs. 20,000 more than the inventory in the beginning. Revenue from operations is Rs. 8,00,000. Rate of Gross profit on cost $\frac{1}{4}$ current liabilities is Rs. 2,40,000. Quick ratio is 0.75. calculate current ratio.

b) list any two uses of Return on investment

(OR)

From the following information, calculate debt equality ratio, proprietary ratio and total assets to debt ratio:

Equality share capital	2,00,000	12% debentures	16,00,000
10% preference share capital	3,00,000	Current liabilities	6,80,000
Reserve and surplus:		Fixed assets (Tangible)	21,00,000
General reserve	2,50,000	Long term trade investments	2,00,000
Surplus, i.e., balance in statement of profit and loss	1,50,000	Current assets	8,80,000

b) State the numerator to be used in Interest Coverage Ratio. (4)

32. (a) From the following information, calculate Cash Flow from Investing Activities:

Particulars	Closing Balances (`)	Opening Balance (`)
Machinery (at cost)	4,20,000	4,00,000
Accumulated Depreciation	1,10,000	1,00,000
Patents	1,60,000	2,80,000

Additional Information :

- (i) During the year, a machine costing `40,000 with its accumulated depreciation of `24,000 was sold at a profit of 25% of book value.
- (ii) Patents were written off to the extent of `40,000 and some patents were sold at a profit of `20,000.
- (iii) From the following information, calculate Cash Flow from Financing Activities for the year ended 31st March,2020:

Particulars	31 st March, 2020 (`)	31 st March, 2019 (`)
Equity Share Capital 10%	15,00,000	10,00,000
10% Debentures	---	1,00,000
8% Debentures	2,00,000	---

Additional Information:

- (i) Interest paid on Debentures `10,000
- (ii) Dividend paid `50,000
- (iii) During the year, company issued bonus shares in the ratio of 2 : 1 by capitalising reserve. (6)
