
SAMPLE PAPER- 5 (solved)
Class – XII ACCOUNTANCY

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains Two parts A & B.
 2. Both the parts are compulsory for all.
 3. All parts of questions should be attempted at one place.
 4. Marks are given at the end of each question.
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Part – A

Partnership, Share Capital and Debentures

1. Is a sleeping partner liable to the acts of other partners?
 - (a) No
 - (b) Yes
 - (c) Sometimes
 - (d) Only when there is loss (1)
 2. Goodwill is _____
 - (a) Fictitious Asset
 - (b) Current Asset
 - (d) Liquid Asset
 - (e) Intangible Asset (1)
 3. Vinod and Kumar are partners in a firm sharing profits in the ratio of 3:2. Mrs. Vinod has given a loan of Rs.20,000 to the firm and the firm also obtained a loan of Rs.10,000 from Kumar. The firm was dissolved and its assets were realised for Rs.25,000. State the order of payment of Mrs. Vinod's Loan and Kumar's Loan with reason, if there were no creditors of firm. (1)
 4. What is the name given to that part of capital of a company which is called up only on Winding up? (1)
 5. Define Secured Debentures. (1)
 6. X and Y are partners in a firm sharing profits and losses in the ratio of 3 : 2. The following was the Balance Sheet of the firm as on 31st March, 2010 :
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Liabilities	Amount	Assets	Amount
Capitals :		Sundry Assets	40,000
X	30,000		
Y	10,000		
	40,000		40,000

The profits Rs.15,000 for the year ended 31.03.2010 were divided between the partners without allowing interest on capital @12% p.a. and salary to X Rs.500 per month. During the year, X withdrew Rs.5,000 and Y Rs.10,000.

Prepre the necessary adjustment entry and show your working clearly. (3)

7. Vinod Limited obtained a loan of Rs.4,00,000 from HDFC Bank. The company issued 5,000, 9% Debentures of Rs.100 each as a collateral security for the same. Show how these items will be presentd in the Balance Sheet of Company. (3)

8. Vinod Limited has 10,000, 12% Debentures of Rs.100 each due for redemption on 31st March, 2011. Assuming that Debentures are to be redeemed out of profit fully and DRR has a balance of Rs.3,60,000 on that date, give entries at the time of redemption of debentures. (3)

9. X, Y and Z were partners in a firm. Their capitals on 1.4.2012 were : X Rs.2,00,000; Y Rs.2,50,000 and Z Rs.3,00,000. The partnership deed provided for the following:

(i) They will share profits in the ratio of 2:3:3.

(ii) X will be allowed a salary of Rs.12,000 per annum.

(iii) Interest on capital will be allowed @12% p.a.

During the year X withdrew Rs.28,000; Y Rs.30,000 and Z Rs.18,000. For the year ended 31.3.2013 the firm earned a profit of Rs.5,00,000.

Prepare Profit & Loss Appropriation A/c and Partners Capital A/cs. (4)

10. Vinod Limited purchased furniture for Rs.99,000 from Kumar Limited. The payment to Kumar Limited was made by issued of Equity Shares of Rs.10 each.

Give necessary entries when:

(a) Shares were issued at 10% Premium

(b) Shares were issued at 10% discount (4)

11. The Balance Sheet of Sindhu, Rahul and Kamlesh, who were sharing profits in the ratio of 3:3:4 respectively, as on 31st March 2012 was as follows:

Liabilities	Amount	Assets	Amount
General Reserve	10,000	Cash	32,000
Bills Payable	20,000	Stock	88,000
Loan	24,000	Investments	94,000
Capitals:		Land and Buildings	1,20,000
Sindhu 1,20,000		Sindhu's Loan	20,000
Rahul 1,00,000			
Kamlesh <u>80,000</u>	3,00,000		
	3,54,000		3,54,000

Sindhu died on 31st July 2012. The partnership deed provided for the following on the death of a partner:

(a) Goodwill of the firm be valued at two year's purchase of average profits for the last three years which were Rs.80,000.

(b) Sindhu's share of profit till the date of his death was to be calculated on the basis of sales. Sales for the year ended 31st March 2012 amounted to Rs.8,00,000 and that from 1st April to 31st July 2012 Rs.3,00,000. The profit for the year ended 31st March 2012 was Rs.2,00,000.

(c) Interest on capital was to be provided @6% p.a.

(d) According to Sindhu's will, the executors should donate his share to 'Matri Chaya-an orphanage for girls'.

Prepare Sindhu's Capital A/c to be rendered to his executor. Also identify the value being highlighted in the question. (6)

12. On 1st April, 2012, Vishwas Ltd. was formed with an authorised capital of Rs.10,00,000 divided into 1,00,000 equity shares of Rs.10 each. The company issued prospectus inviting applications for 90,000 equity shares. The company received applications for 85,000 equity shares. During the first year, Rs.8 per share were called. Ram holding 1,000 shares and Shyam holding 2,000 shares did not pay the first call of < 2 per share. Shyam's shares were forfeited after the first call and later on 1,500 of the forfeited shares were re-issued at Rs. 6 per share, Rs.8 called up.

Show the following :

Share Capital in the Balance Sheet of the company as per revised Schedule VI Part I of the Companies Act, 1956. Also prepare 'Notes to Accounts' for the same. (4)

13. Ram and Mohan are partners in a firm. They admitted Rakhi as a partner without capital for 1/3rd share in profits of the firm. She is blind by birth but having good management qualities. The new partnership agreement provides for the following:

- (i) 10% of the trading profit will be donated to Prime Minister's Relief Fund.
- (ii) 5% of the trading profit will be donated to the National Blind Relief Fund.
- (iii) Products will be sold at a discount of 15% on Maximum Retail price to the people living below poverty line.
- (iv) New retail shops will be opened in the Naxal affected areas of the country.
- (v) New jobs of salespersons will be reserved for the girls belonging to Scheduled Castes and Scheduled Tribes.

The trading profit of the firm for the year ended 31.3.2012 was Rs.10,00,000.

Identify any four values considered by Ram, Mohan and Rakhi while preparing the new partnership deed and prepare the 'Profit & Loss Appropriation Account' of Ram, Mohan and Rakhi for the year ended 31.3.2012. (6)

14. Prashant and Rajesh were partners in a firm sharing profits in the ratio of 3 : 2. In spite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31st March 2012. Prashant was deputed to realise the assets and to pay the liabilities. He was paid Rs.1,000 as commission for his services. The financial position of the firm on 31st March 2012 was as follows:

Liabilities	Amount	Assets	Amount
Creditors	80,000	Building	1,20,000
Mrs. Prashant's Loan	40,000	Investments	30,600
Rajesh's Loan	24,000	Debtors	34,000
Investment Fluctuation Fund	8,000	Less : Provision	<u>4,000</u>
Capitals:		Bills Receivable	37,400

Prashant 42,000		Cash	6,000
Rajesh 42,000	84,000	Profit and Loss A/c	8,000
		Goodwill	4,000
	2,36,000		2,36,000

Following was agreed upon:

- (i) Prashant agreed to pay off his wife's loan.
- (ii) Debtors realized Rs.24,000.
- (iii) Rajesh took away all investments at Rs.27,000.
- (iv) Building realized Rs.1,52,000.
- (v) Creditors were payable after 2 months. They were paid immediately at 10% discount.
- (vi) Bills receivable were settled at a loss of Rs.1,400.
- (vii) Realisation expenses amounted to Rs.2,500.

Prepare Realisation A/c, Partners Capital A/c and Cash A/c and identify the value being conveyed . (6)

15.(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 re-issued to Naresh as Rs.70 paid up for Rs.80 per share.

(c) Y Ltd. forfeited 180 shares of Rs.10 each, Rs.8 called up, issued at a premium of Rs.2 per share to R for non-payment of allotment money of Rs.5 per share (including premium). Out of these, 160 shares were re-issued to Sanjay as Rs.8 called up for Rs.10 per share fully paid up.

(d) Z Ltd. forfeited 30 shares of Rs.100 each issued at a discount of Rs.10 per share for non-payment of first and final call money of Rs.30 per share. Out of these, 20 shares were re-issued at Rs.30 per share fully paid up. (8)

16. The Balance Sheet of X, Y and Z who were sharing profits in the ratio of 5 : 3 : 2 as at March 31, 2007 :

Liabilities	Amount	Assets	Amount
Creditors	50,000	Cash at Bank	40,000
Employees. Provident Fund	10,000	Sundry Debtors	1,00,000
Profit & Loss A/c	85,000	Stock	80,000
Capital A/cs :		Fixed Assets	60,000
X 40,000			
Y 62,000			
Z 33,000	1,35,000		
	2,80,000		2,80,000

X retired on March 31, 2007 and Y and Z decided to share profits in future in the ratio of 2:3 respectively.

The other terms on retirement were as follows :

- (i) Goodwill of the firm is to be valued at Rs. 80,000.
- (ii) Fixed Assets are to be depreciated to Rs. 57,500
- (iii) Make a provision for doubtful debts at 5% on debtors
- (iv) A liability for claim, included in creditors for Rs. 10,000, is settled at Rs. 8000.

The amount to be paid to X by Y and Z in such a way that their Capitals are proportionate to their profit sharing ratio and leave a balance of Rs. 15,000 in the Bank Account. Prepare Profit and Loss Adjustment Account and Partners. Capital Accounts. (8)

Part – B
Financial Statement Analysis

17. State whether 'Conversion of debentures into Equity Shares by a Financing Company will result into inflow, outflow or no flow of cash? (1)
18. State how qualitative aspects are ignored in financial statement analysis. (1)
19. Why is Cash Flow Statement Prepared? (1)
20. List the items which are shown under the heading. 'Reserves and Surplus' in the Balance Sheet of a company as per provisions of Schedule VI, of the Companies Act 1956. (3)
21. From the following Statement of Profit and Loss of VK Ltd., for the years ended 31st March 2011 and 2012, prepare a Comparative Statement of Profit and Loss. (4)

Particulars	Note No.	2011	2012
Revenue from Operations		6,00,000	7,00,000
Other Income		50,000	80,000
Purchase of Stock-in-Trade		1,80,000	2,00,000
Employees Benefits Expenses		90,000	1,00,000
Other Expenses		80,000	80,000
Tax Rate		30%	40%

22. Calculate return on investment ratio from the following:
Share capital:
Equity Share Capital 16,00,000
Preference Share Capital 4,00,000
General Reserve 7,56,000
10% debentures 16,00,000
Current liabilities 4,00,000
Discount on issue of shares 2,000
Net profit (after interest on debentures but before income tax) 3,20,000 (4)

23. Calculate cash flow from operating activities with the following information of VK Limited:

Particulars	2012	2013
Statement of Profit & Loss	50,000	30,000
Bills Receivable	26,000	17,000
Rent payable	1,600	4,000
Prepaid insurance	2,800	2,400
Stock	22,000	39,000
Creditors	20,000	10,000

VK Limited had provided for the following items while arriving at the profit for the year :

- (a) Depreciation on fixed assets Rs.24,000.
(b) Writing off preliminary expenses Rs.6,000.
(c) Loss on sale of furniture Rs.2,000.
(d) Profit on sale of Machinery Rs.4,000. (6)
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Solution

1. Yes, a sleeping partner is liable to the acts of other partners.
2. If a business firm provides high quality products or has stable demand will earn more profit and thus more goodwill.
3. As per the Indian Partnership Act, 1932, Section 48, First payment will be made for Mrs. Vinod's Loan for Rs.20,000 and after that Kumar's Loan will be paid upto the available amount only i.e. Rs.5,000.
4. Reserve Capital
5. Debentures which are secured by fixed charge or floating charge are known as secured debentures.
6. **Opening Capitals** : 26,000 and 14,000

Adjustment Entry:

B's Capital A/c Dr.2,640 and A's Capital A/c Cr.2,640

7. Balance Sheet (Extract)

Particulars	Note No.	Amount
Equity & Liabilities		
1. Non Current Liabilities		
Long Term Borrowings	1	4,00,000

Notes to Account

1. Long Term Borrowings Loan from HDFC (secured by 5,000, 9% debentures of Rs.100 each as collateral security)		4,00,000
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8. Journal

12% Debentures A/c Dr.	10,00,000	
To Debentureholders		10,00,000
Statement of P/L	6,40,000	
To DRR		6,40,000
Debentureholders	10,00,000	

To Bank	10,00,000
DRR	10,00,000
To General Reserve	10,00,000

9. Profit & Loss Appropriation Account

Particulars	Amount	Particulars	Amount
To Interest on capital :		By P& L A/c profit b/d	5,00,000
X 24,000			
Y 30,000			
Z <u>36,000</u>	90,000		
To Salary of X	12,000		
To Profit transferred :			
X 99,500			
Y 1,49,250			
Z <u>1,49,250</u>	3,98,000		
	<u>5,00,000</u>		<u>5,00,000</u>

10. Journal

Furniture A/c Dr.	99,000	
To Kumar Limited		99,000
(a) Kumar Limited Dr.	99,000	
To Equity Share Capital		90,000
To Securities Premium		9,000
No. of debentures issued = 99,000/11 = 9,000		
(b) Kumar Limited Dr.	99,000	
Discount on issue of share	11,000	
To Equity Share Capital		1,10,000
No. of debentures issued = 99,000/9 = 11,000		

11.

Sindhu's Capital Account

Particulars	Amount	Particulars	Amount
To Sindhu's Loan A/c	20,000	By Balance b/d	1,20,000
To Matri Chaya's A/c	1,51,900	By Interest on Capital A/c	2,400
		By P/L Suspense A/c	22,500
		By Rahul's Capital A/c	10,286
		By Kamlesh's Capital A/c	13,714
		By General Reserve	3,000
	1,71,900		1,71,900

Working Note:

$$\text{Profit} = \frac{2,00,000}{8,00,000} \times 100 = 25\% \quad \text{i.e. } 3,00,000 \times 25/100 = 75,000$$

$$\text{Sindhu's share} = 75,000 \times 3/10 = 22,500$$

(b) By donating the amount to the orphanage of girls, Sudha's executors have fulfilled their social and moral duty. By donating to the weaker and deprived section of the society i.e. girls living in orphanage, they have shown values like sympathy, humanity and empathy.

12. Balance Sheet

Balance Sheet of Vinod Ltd. as at (Extract only)

Particulars	Note No.	Amount
I. Equity and Liabilities		
(a) Shareholders funds:		
(i) Share Capital	1	6,77,000

Notes to Accounts:

Particulars	Amount
(1) Share Capital	
Authorised Capital :	
1,00,000 equity shares of Rs 10 each	<u>10,00,000</u>
Issued Capital	
90,000 equity shares of Rs 10 each	<u>9,00,000</u>
Subscribed but not fully paid capital	
84,500 shares of Rs 10 each, R 8 called up	6,76,000
Less: Calls in arrears	(2,000)
Add: Share forfeiture A/c	3,000
	<u>6,77,000</u>

13. Divisible Profit Rs.8,50,000; which is to be distributed equally among all three partners.

14. Realisation Account

Particulars	Amount	Particulars	Amount
To Sundry Assets:		By Provision for doubtful debts	4,000
Building 1,20,000		By Sundry Liabilities:	
Investment 30,600		Creditors 80,000	
Debtors 34,000		Mrs. Prashant's Loan 40,000	
B/R 37,400		Investment Fluctuation Fund <u>8,000</u>	1,28,000
Goodwill <u>4,000</u>	2,26,000	By Cash A/c (Assets Realised):	
To Cash A/c (Creditors paid)	72,000	Debtors 24,000	
To Prashant's Capital A/c	40,000	Building 1,52,000	
To Prashant's Capital A/c	1,000	B/R <u>36,000</u>	2,12,000
To Cash A/c (Expense)	2,500	By Rajesh's Capital A/c (Investment)	27,000
To Profit transferred:			
Prashant 17,700			
Rajesh <u>11,800</u>	29,500		
	<u>3,71,000</u>		<u>3,71,000</u>

Partners Capital Account

Particulars	Prashant	Rajesh	Particulars	Prashant	Rajesh
To P/L A/c	4,800	3,200	By Balance b/d	42,000	42,000
To Realisation A/c	---	27,000	By Realisation A/c (Profit)	17,700	11,800
To Cash A/c	95,900	23,600	By Realisation A/c (Comm.)	1,000	---
(Final Payment)			By Realisation A/c	40,000	---
	<u>1,00,700</u>	<u>53,800</u>		<u>1,00,700</u>	<u>53,800</u>

Cash Account

Particulars	Amount	Particulars	Amount
To Balance b/d	6,000	By Realisation A/c (Exp.)	2,500
To Realisation A/c	2,12,000	By Realisation A/c (Creditors)	72,000
		By Prashant's Capital A/c	95,900
		By Rajesh's Capital A/c	23,600
	<u>2,18,000</u>		<u>2,18,000</u>

15. Journal

(a)

Journal

Date	Particulars	L.F	Debit (Rs.)	Credit (Rs.)
	Share Capital A/c Dr. To Share Forfeiture A/c To Share Call A/c (Being 200 shares forfeited)		14,000	10,000 4,000
	Bank A/c Dr. To Share Capital A/c To Securities Premium Reserve A/c (Being 150 shares re-issued)		12,000	10,500 1,500
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Being amount transferred to capital reserve)		7,500	7,500

(b)

Date	Particulars	L.F	Debit (Rs.)	Credit (Rs.)
	Share Capital A/c Dr. Securities Premium Reserve A/c Dr. To Share Allotment A/c To Share Forfeiture A/c (Being 180 shares forfeited)		1,440 360	900 900
	Bank A/c Dr. To Share Capital A/c To Securities Premium Reserve A/c (Being 160 shares re-issued)		1,600	1,280 320
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Being amount transferred to capital reserve)		800	800

(c)

Date	Particulars	L.F	Debit (Rs.)	Credit (Rs.)
	Share Capital A/c Dr. To Share First & Final Call A/c To Discount on issue of shares A/c To Share Forfeiture A/c (Being 30 shares forfeited)		3,000	900 300 1,800
	Bank A/c Dr. Share Forfeiture A/c Dr. Discount on issue of shares A/c Dr.		600 200 1,200	

To Share Capital A/c (Being 20 shares re-issued)			2,000
Share Forfeiture A/c Dr. To Capital Reserve A/c (Being amount transferred to capital reserve)		Nil	Nil

16. Revaluation Account

Particulars	Amount Rs.	Particulars	Amount Rs.
To Stock	20,000	By Loss :	
To Furniture	18,000	Rajat.s Cap A/c	26,600
		Ravi.s Cap A/c	11,400
	38,000		38,000

Particulars	Rajat Rs.	Ravi Rs.	Rohan Rs.	Particulars	Rajat Rs.	Ravi Rs.	Rohan Rs.
To Rev. A/c	26,600	11,400	-	By Balance b/d	1,00,000	80,000	-
To Cash A/c	-	20,600	-	By Cash	-	-	60,000
				By Reserve	7,000	3,000	-
				By Premium	7,000	3,000	-
To Balance c/d	1,26,000	54,000	60,000	By Cash A/c.	38,600		
	1,52,600	86,000	60,000		1,52,600	86,000	60,000

17. No Flow of Cash

18. Financial Statements are concerned with monetary matters only and qualitative elements like efficiency, quality and good relations etc are ignored.

19. To Know the historical changes in cash and cash equivalents by classifying cash flows into operating, investing and financing activities.

20. Balance Sheet (Extract)

Reserves and Surplus	Note No.	Amount
Capital Reserve		
Capital Redemption Reserve		
Securities Premium Reserve		
Debenture Redemption Reserve		
Revaluation Reserve		
Statement of Profit & Loss (Profit)		

21. Comparative Statement of Profit and Loss

Particulars	2011	2012	Absolute Change	% Change
I. Revenue from Operations	6,00,000	7,00,000	1,00,000	16.67 %
II. Other Incomes	50,000	80,000	30,000	60 %
III. Total Revenue (I + II)	6,50,000	7,80,000	1,30,000	35.38 %
IV. Expenses :				
Purchase of Stock-in-Trade	1,80,000	2,00,000	20,000	11.11 %
Employee benefits expense	90,000	1,00,000	10,000	11.11 %
Other expenses	80,000	80,000	--	--
V. Profit Before Tax (III – IV)	3,00,000	4,00,000	1,00,000	33.33 %
Less : Tax	90,000	1,60,000	70,000	77.77 %
VI. Profit After Tax	2,10,000	2,40,000	30,000	14.28%

22. Capital employed = Equity Share Capital + Pref. share capital + General reserve +

Debentures – Discount on issue of shares

43,54,000 = 16,00,000 + 4,00,000 + 7,56,000 + 16,00,000 – 2,000

Interest on debentures = 16,00,000 x 10/100 = 1,60,000

Net profit before interest, tax and dividend = 3,20,000 + 1,60,000 = 4,80,000

Return on Investment = 4,80,000/43,54,000 x 100 = 11.02%

23. Cash flow from operating activities

Statement of P/L (30,000 – 50,000)	(20,000)	
Add: Depreciation on fixed assets	24,000	
Add: Loss on sale of furniture	2,000	
Add: Preliminary expenses written off	6,000	
Less: Profit on sale of machinery	(4,000)	
Operating profit before working capital changes	8,000	
Add: Decrease in bills receivable	9,000	
Add: Increase in rent payable	2,400	
Add: Decrease in prepaid insurance	400	
	19,800	
Less: Increase in stock	(17,000)	
Less: Decrease in creditors	(10,000)	
Net cash used in operating activities	(7,200)	(7,200)