

PRACTICE QUESTION PAPER-2
ACCOUNTANCY
2019-20
CLASS- XII

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

- i. This question paper contains two parts A and B.
- ii. All parts of a question should be attempted at one place.
- iii. Q. 1 to 14 and 24 to 29 carry 1 mark each.
- iv. Q. 15-16 carry 3 marks each.
- v. Q. 17-19 and 30-31 carry 4 marks each.
- vi. Q. 20-21 and 32 carry 6 marks each.
- vii. Q. 22-23 carry 8 marks each.

PART-A
ACCOUNTANCY

(Accounting for Not-for-Profit Organizations, Partnership Firms and Companies)

1. Which of the following is not correct about income and expenditure account:
 - a) It is a Nominal account.
 - b) It is prepared on accrual basis.
 - c) It records all types of cash and Non cash transactions.
 - d) It is prepared on the basis of receipt and payment account and additional information.

2. In case of insufficient profits (net profit is less than the interest of capital), amount of profit is distributed in the ratio of (fill in the blanks)

3. Arun, Ajay and Dinesh are partners in a firm. At the time of division of profit for the year there was dispute between the partners (due to absence of deed) profits before interest on partner's capital was ₹ 60,000 and Ajay determined interest @24% p.a. on his loan of ₹ 8,00,000. Amount payable to Arun, Ajay, Dinesh respectively will be:
 - a) ₹ 20,000 to each partner.
 - b) Loss of ₹ 44,000 for Arun and Dinesh and ajay will take home ₹ 1,48,000.
 - c) ₹ 4,000 for Arun, ₹ 52,000 for Ajay and ₹ 4,000 for Dinesh.
 - d) ₹ 24,000 to each partner.

4. Anu, Prisha and Nipun are equal partners. Priya is admitted to the firm for one- fourth share. Priya brings ₹ 2,00,000 capital and ₹ 50,000 being half of the premium for goodwill. value of the goodwill of the firm be (fill in the blanks)

5. Manish and Aanchal are partners sharing profits and losses in the ratio of 3:2 (Manish's capital is ₹ 3,00,000 and Aanchal's capital is ₹ 1,50,000). They admitted Meenu for one-fifth share of profits. Meenu should bring ₹ towards his capital. (fill in the blanks)

6. Sonu, Monu and Tony are partners sharing profits in the ratio of 5:3:2. Monu retires, the new profit sharing ratio between Sonu and Tony will be 1:1. The goodwill of the firm is valued at ₹ 2,00,000. Monu's share of goodwill will be adjusted
- By debiting Sonu's capital account and Tony's capital account with ₹ 30,000 each.
 - By debiting Sonu's capital account and Tony's capital account with ₹ 42,858 and 17,142.
 - By debiting only Tony's capital account with ₹ 60,000.
 - By debiting Monu's capital account with ₹ 60,000.
7. Reconstitution of a firm always leads to change in among the partner's (fill in the blanks)
8. Which of the following is not correct in case of dissolution by court:
- A partner becomes a person of unsound mind.
 - A partner is found guilty of misconduct, which is likely to adversely affect the business of the firm.
 - On adjudication of a partner as insolvent.
 - A partner becomes permanently incapable of performing his duties as a partner.
9. At the time of dissolution, partner's loan appeared on the asset side will be transferred to account. (fill in the blanks)
10. Maximum amount that a company can raise as share capital, which is stated in memorandum of association is known as:
- Authorized capital
 - Nominal capital
 - Registered capital
 - All of the above
11. A company forfeited a share of ₹ 100 which was issued at a premium of 10% due to non-payment of final call of ₹ 30. Minimum price on reissue of the above share will be ₹ (fill in the blanks)
12. Discount or loss on issue of debentures to be written off in the year debentures are allotted from (if it exists) and then from as financial cost. (fill in the blanks)
13. Interest Payable on debentures issued as collateral securities is:
- 6% p.a.
 - 12% p.a.
 - Not payable
 - As per the market rate of interest.
14. Debentures redemption reserve is required to be created in case of:
- Fully convertible debentures
 - Only on the non-convertible part of debentures
 - Banking companies
 - All India financial institutions regulated by RBI
15. Kavya Ltd. Issued ₹ 14,00,000 12% debentures of ₹ 100 each at a premium of 10% redeemable at a premium of 20% after 5 years. Balance of profits in statement of profit or loss on that date was ₹ 2,00,000. Pass necessary journal entries for the issue of debentures and writing off of the premium on redemption as per AS-16.

OR

On 01.04.2018 Kavita Ltd. Purchased Plant from Sonia Ltd. And paid the amount as follows:

- I. By issuing 10,000 12% debentures of ₹ 10 each at a premium of 30%.
- II. By issuing 2,000 10% debentures of ₹ 100 each at a discount of 10%.
- III. Balance by giving a draft of ₹ 96,000.

Pass necessary journal entries for the purchase of plant, payment to Sonia Ltd.

16. Show the following items in the income and expenditure account and balance sheet of Prisha Ltd. as on 31st march,2019:

- I. Donation received for sports fund during 2018-19 ₹ 50,000.
- II. 15% sports fund investment (Face value ₹ 40,000) as on 1st July 2018 ₹ 50,000.
- III. Interest received on sports fund investment during 2018-19 ₹ 3,500.
- IV. Expenses on sports during the year ₹ 55,000

17. Tarun, Pratibha and Naresh were Partners in the firm sharing profits in the ratio of 5:3:2. The firm closes its books on 31st march every year. On 31st July ,2018 Naresh died . On that day his capital account showed a credit balance of ₹ 8,00,000 and Goodwill of the firm was valued at ₹ 6,20,000. There was a debit balance of ₹ 2,00,000 in the profit and loss account. Naresh's share of profit in the year of death was to be calculated on the basis of average profit of last 3 year. The average profit of last 3 year was ₹ 3,00,000. Pass necessary journal entries in the books on Naresh's death.

18. Nipun Ltd. had outstanding ₹ 10,00,000, 8% debentures of ₹ 100 each on 1st April, 2015. These debentures were redeemable at a premium of 5% on 31st march 2019. The company had a balance of ₹ 1,50,000 in debenture redemption reserve on 31st march, 2018.

Pass necessary journal entries for redemption of debentures in the books of Nipun Ltd. for the year ended 31st march 2019

19. Manju, Ruby and Himanshu were partners in a firm sharing in the ratio of 5:3:2. The firm dissolved on 31-3-2019. Pass the necessary journal entries for the following transactions after various assets (other than cash and bank) and third party liabilities had been transferred to realization account:

- I. A creditor for ₹ 1,40,000 accepted machinery valued at ₹ 1,80,000 and paid ₹ 40,000 to the firm.
- II. Ruby's brother's loan of ₹ 50,000 was paid off along with interest of ₹ 5,000.
- III. Saroj, an old customer whose account for ₹ 20,000 was written off as bad debts in the previous year, paid 95%.
- IV. The firm had stock of ₹ 40,000. Manju took over 75% of the stock at a discount of 10% while the remaining stock was sold at a profit of 20%.

20. Taruna, Karan and Joy were partners sharing profits in the ratio of 5:3:2. The partnership deed provides the followings:

- I. Salary of ₹3,000 per quarter to Taruna and Karan.
- II. Karan's was guaranteed a profit of ₹76,000 p.a.
- III. Joy was entitled to a commission of ₹20,000.

The profit for the year ended was ₹4,00,000 which was distributed among in the ratio of 3:3:2 without taking into consideration the provision of partnership deed. Pass necessary rectifying entry.

Show your working clearly.

OR

Ramesh and Manju started a partnership on 1st April 2018. They contributed ₹4,00,000 and ₹3,00,000 respectively as their capital and decided to share profits and losses in the ratio of 3:2. The partnership deed provided that Ramesh was to be paid a salary of ₹ 30,000 per quarter and Manju a commission of 2.5% on turnover. It also provided that interest on capital be allowed @4% p.a. Ramesh withdrew ₹10,000 on 1st august 2018 and Manju withdrew ₹2,500 at the beginning of each month. Interest on drawing was charged 12% p.a. The net profit as per profit and loss account for the year ended 31st march 2019 was ₹ 2,99,500. The turnover of the firm for the year ended 31st march 2019 amounted ₹10,00,000. Pass necessary journal entries for the above transactions in the books of Ramesh and Manju.

21. The following receipts and payment account of Young club for the year ended 31st march, 2019:

Receipts	Amount ₹	Payments	Amount ₹
Cash in hand (1-4-18)	1,00,000	Salaries	50,000
Subscription		Entertainment expenses	10,000
2017-18 2,500		Electricity expenses	10,000
2018-19 1,25,000		General expenses	5,000
2019-20 5,000		Misc. expenses	5,000
-----	1,32,500	Investment(10% p.a. on 1.10.18)	50,000
Entertainment receipts	25,000	Stationery	15,000
Sale of old furniture(book value ₹5,000)	4,000	Newspaper	5,000
Sale of newspaper	1,000	Furniture	25,000
		Cash in hand(31.3.19)	87,500
	2,62,500		2,62,500

- I. The club has 300 members each paying an annual subscription of ₹500; subscription outstanding for the year 2017-18 were ₹3,500.
- II. Salaries includes ₹5,000 for the year 2017-18 and ₹10,000 for the year 2019-20.
- III. Opening stock of stationery ₹5,000 and closing stock of stationery ₹7,500.
- IV. On 1.4.18, the club owned land and building ₹5,00,000; furniture valued ₹1,00,000 and car ₹1,50,000.

Prepare income and expenditure account and balance sheet for the year ended 31st march 2019.

22. Seema Limited invited applications for issuing 15,00,000 Equity shares of ₹ 10 each payable at a premium of ₹ 10 each payable with Final call. Amount per share was payable as follows:

₹

On Application	2
On Allotment	3
On First Call	2
On Second & Final Call	Balance

Applications for 24,00,000 shares were received. Applications for 1,50,000 shares were rejected and the application money was refunded. Allotment was made to the remaining applicants as follows:

Catogery	No. of shares applied	No. of shares allotted
I	6,00,000	4,50,000
II	16,50,000	10,50,000

Excess application money received with applications was adjusted towards sums due on allotment. Balance, if any was adjusted towards future calls. Girish, a shareholder belonging to category I, to whom 4,500 shares were allotted, paid his entire share money with allotment. Mohan belonging to category II, who had applied for 33,000 shares failed to pay 'Second & Final Call money'. Mohan's shares were forfeited after the final call. The forfeited shares were reissued at ₹ 10 per share as fully paid up.

Assuming that the company maintains "Calls in Advance Account" and "Calls in Arrears Account", pass necessary Journal entries for the above transactions in the books of Seema Limited.

OR

- Kriti Limited forfeited 12,000 shares of ₹ 10 each for non-payment of First call of ₹ 2 per share. The Final call of ₹ 3 per share was yet to be made. The Final call was made after Forfeited of these shares. Of the forfeited shares, 8,000 shares were reissued at ₹ 9 per share as fully paid up. Assuming that the company maintains 'Calls in Advance Account' and 'Calls in Arrears Account', prepare "Share Forfeited Account" in the books of Kriti Limited.
- Bhawna Limited issued 1,00,000 equity shares of ₹ 20 each at a premium of ₹ 5 per share. The shares were allotted in the proportion of 5 : 4 of shares applied and allotted to all the applicants. Deepa, who had applied for 450 shares, failed to pay Allotment money of ₹ 7 per share (including premium) and on his failure to pay 'First & Final Call' of ₹ 2 per share, his shares were forfeited. 200 of the forfeited shares were reissued at ₹ 15 per share as fully paid up. Showing your working clearly, pass necessary Journal entries for the Forfeited and reissue of Deepa's shares in the books of Bhawna Limited. The company maintains 'Calls in Arrears Account'.
- Manish Limited forfeited 3,600 shares of ₹ 10 each allotted to Rakhi for Non-payment of 'Second & Final Call' of ₹ 5 per share (including premium of ₹ 2 per share). The forfeited shares were reissued for ₹ 32,400 as fully paid up. Pass necessary Journal entries for reissue of shares in the books of Manish Limited.

23. Ajay, Bobby & Chetna were partners in a firm sharing profits & losses in proportion to their fixed capitals. Their Balance Sheet as at March 31, 2019 was as follows:

Balance Sheet as at March 31, 2019

Liabilities		₹	Assets		₹
Capitals:			Bank		21,000
Ajay	5,00,000		Stock		9,000
Bobby	3,00,000		Debtors	15,000	
Chetna	<u>2,00,000</u>	10,00,000	Less: Provision for Doubtful Debts 500		13,500
General Reserve		75,000	Ajay's Loan		35,500
Creditors		23,000	Plant & Machinery		2,00,000
Outstanding Salary		7,000	Land & Building		6,00,000
Bobby's Loan		15,000	Profit & Loss Account (For the year ending 31st March 2019)		2,41,000
		<u>11,20,000</u>			<u>11,20,000</u>

On the date of above Balance Sheet, Chetna retired from the firm on the following terms:

- (i) Goodwill of the firm will be valued at two years purchase of the Average Profits of last three years. The Profits for the year ended March 31, 2017 & March 31, 2018 were ₹ 4,00,000 & ₹ 3,00,000 respectively.
- (ii) Provision for Bad Debts will be maintained at 5% of the Debtors.
- (iii) Land & Building will be appreciated by ₹ 90,000 and Plant & Machinery will be reduced to ₹ 1,80,000.
- (iv) Ajay agreed to repay his Loan.
- (v) The loan repaid by Ajay was to be utilized to pay Chetna. The balance of the amount payable to Chetna was transferred to her Loan Account bearing interest @ 12% per annum.

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

OR

Dinesh, Yashika and Farhan are partners in a firm, sharing profits and losses in 11:7:2 respectively. The balance sheet of the firm as on 31st March 2019 was as follows:

Balance Sheet As at 31.3.2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	70,000	Factory Building	7,35,000
Public Deposits	1,19,000	Plant and Machinery	1,80,000
Reserve fund	90,000	Furniture	2,60,000
Outstanding Expenses	10,000	Stock	1,45,000
Capital accounts		Debtors	1,50,000
Dinesh	5,10,000	Less: Provision	(30,000)
Yashika	3,00,000	Cash at bank	1,59,000
Farhan	<u>5,00,000</u>		
	15,99,000		15,99,000

On 1.4.2018, Aditi is admitted as a partner for one-fifth share in the profits with a capital ₹4,50,000 and necessary amount for his share of goodwill on the following terms:

- i. Furniture of ₹2,40,000 were to be taken over Dinesh, Yashika and Farhan equally.
- ii. A creditor of ₹7,000 not recorded in books to be taken into account.
- iii. Goodwill of the firm is to be valued at 2.5 years purchase of average profits of last two years.

The profit of the last three years were:

2016-17 ₹6,00,000; 2017-18 ₹2,00,000; 2018-19 ₹6,00,000

- iv. At time of Aditi's admission Yashika also brought in ₹50,000 as fresh capital. Plant and Machinery is re-valued to ₹2,00,000 and expenses outstanding were brought down to ₹9,000. Prepare Revaluation Account, Partners Capital Account and the balance sheet of the reconstituted firm.

PART-B

Analysis of financial statement

24. Which of the following transaction will result into flow of cash?

- a) Cash withdrawn from bank ₹2,00,000.
- b) Deposited cheques of ₹6,00,000 into bank.
- c) Received ₹9,000 from debtor
- d) Issued ₹2,40,000, 12% debentures for the vendor of machinery.

25. Kapil Ltd. A financing company obtained loans and advances of ₹ 4,00,0000 during the year @ 10% p.a. it will be included in the activities while preparing cash flow statement. (fill in the blanks)

26. Format of the balance sheet is prescribed in:

- a) Part II of the schedule VI of the Company's act 2013.
- b) Part I of the schedule III of the Company's act 2013.
- c) Part I of the schedule VI of the Company's act 2013.
- d) Part II of the schedule III of the Company's act 2013.

27. Which is not a limitation of financial statement analysis:

- a) Historical analysis
- b) Ignore price level changes

- c) Indicates trend
d) Not free from bias
28. Which of the following item will not be shown under the head of current liabilities and sub head of other current liabilities:
- Unclaimed dividend
 - Calls in advances
 - Interest accrued but not due on debentures
 - Cash credit
29. Which of the following is correct sequence of items under assets according to schedule III:
- Goodwill, land, building work in progress, inventories
 - Land, building work in progress, inventories, goodwill
 - Land, goodwill, building work in progress, inventories
 - Building ,work in progress, inventories, land
30. For the year ended March 31, 2019, Net Profit after tax of Jai Limited was ₹ 12,00,000. The company has ₹ 80,00,000 12% Debentures of ₹ 100 each. Calculate Interest Coverage Ratio assuming 40% tax rate. State its significance also. Will the Interest Coverage Ratio change if during the year 2019-20, the company decides to redeem debentures of ₹ 10,00,000 and expects to maintain the same rate of Net Profit and assume that the Tax rate will not change.

OR

From the following data calculate current ratio and liquid ratio:

Liquid Assets	7,50,000
Inventories(Includes Loose Tools of ₹20,0000)	₹ 3,50,000
Prepaid expenses	₹1,00,000
Working Capital	₹ 6,00,000

31. From the following Statement of Profit and Loss of the Sapna Ltd. for the year ended 31st March 2018, prepare Comparative Statement of Profit & Loss.

Statement of Profit & Loss for the year ended 31st March, 2019

Particulars	2017-18 (₹)	2018-19(₹)
Revenue from Operations	50,00,000	80,00,000
Expenses:		
a) Employee benefit expenses	14,00,000	20,00,000
b) Other Expenses	6,00,000	4,00,000
Rate of Tax - 40%		

32. From the following Balance Sheet of Nupur Limited as on March 31, 2019, prepare a Cash Flow Statement:

Particulars	Note Number	31-3-2019 (₹)	31-3-2018 (₹)
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Equity Share Capital	1	10,00,000	10,00,000
(b) Reserves and Surplus		2,40,000	1,20,000
(2) Non- Current Liabilities			
Long-Term Borrowings- 9 % Debentures		3,20,000	2,40,000
(3) Current Liabilities			
(a) Trade Payables	2	1,80,000	2,40,000
(b) Other Current Liabilities	3	1,80,000	1,60,000
Total		19,20,000	17,60,000
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	4	13,40,000	12,00,000
(b) Non-Current Investments	5	2,40,000	1,60,000
(2) Current Assets			
(a) Inventories		1,20,000	1,60,000
(b) Trade Receivables		1,60,000	1,60,000
(c) Cash and Cash Equivalents		60,000	80,000
Total		19,20,000	17,60,000

Notes to accounts:

1	Reserves and Surplus		
	General Reserve	1,20,000	1,20,000
	Balance in Statement of Profit & Loss	1,20,000
		2,40,000	1,20,000
2	Trade Payables		
	Creditors	1,40,000	1,20,000
	Bills Payable	40,000	1,20,000
		1,80,000	2,40,000
3	Other Current Liabilities		
	Outstanding Rent	1,80,000	1,60,000
		1,80,000	1,60,000
4	Tangible Assets		
	Plant & Machinery	14,90,000	13,00,000
	Accumulated Depreciation	(1,50,000)	(1,00,000)
		13,40,000	12,00,000
5	Non-Current Investments		
	Shares in XYZ Limited	2,40,000	1,60,000
		2,40,000	1,60,000

Additional Information:

(a) During the year 2018-19, a machinery costing ₹ 50,000 and accumulated depreciation thereon ₹ 15,000 was sold for ₹32,000.

(b) 9 % Debentures ₹ 80,000 were issued on April 1, 2018.