M. P. BIRLA FOUNDATION HIGHER SECONDARY SCHOOL

SELECTION EXAMINATION 2020-21

CLASS:XII

SUBJECT : ACCOUNTS **MARKS:80**

TIME:3 HOURS

SECTION:A- PART-I ATTEMPT ALL THE QUESTIONS

PART -II ATTEMPT ANY FOUR OUT OF SEVEN QUESTIONS.

SECTION: B- ATTEMPT ANY TWO OUT OF THREE QUESTIONS.

SECTION : A

PART-I

1) Answer in brief : (6x2=12)
   i. State the accounting treatment for 'Issue of debentures at a discount and redeemable at a premium.
   ii. Define DRI.
   iii. Prepare a retiring partner's capital a/c showing all his entitlements.
   iv. State two circumstances when need for valuation of Goodwill may arise.
   v. Under which major heading will the following items be placed: Unpaid Dividends, Bonds, Bank overdraft and Proposed Dividend.
   vi. State two uses of Securities Premium Reserve.

PART- II

2) X Ltd issued 60,000 shares of Rs.10 each at a premium of Rs.2 per share payable as:
   Rs.3 on application
   Rs.5 (including premium) on allotment
   And balance on first and final call.
   Applications were received for 82,000 shares which were allotted as follows:

Applied	Alloted
30,000 shares	20,000 shares
50,000 shares	40,000 shares
2,000 shares	nil

   B who applied for 900 shares in category I and C who was allotted 600 shares in Category II failed to pay the allotment money.
   All the above shares were forfeited and only B's shares were reissued at Rs.8 as fully paid up.The first and final call was made and money duly received.
   Pass the necessary entries in the books of X Ltd and show how the items would appear in the Balance Sheet. (12)

3) a) X Ltd. Purchased assets of Rs.99,000 from Y Ltd.it was agreed that the purchase consideration will be paid by issuing 12% Debentures of Rs.100 each . Pass journal entries when Debentures have been issued (i) at par, (ii) at a premium of 10% and (iii) at a discount of 10%. (6)

   b) RB Ltd issued 50,000;9% Debentures of Rs.100 each at a discount of 10% on 30th June 2018 and redeemable on 31st march 2020 at a premium of 5%. The issue was

fully subscribed. The company met the legal requirements and invested in Fixed deposits with bank earning interest @10% p.a on 1st April 2019. TDS @ 10% (6)

4) A,B,C are partners sharing profits in the ratio 2:2:1. They decide to dissolve the firm when the Balance sheet is as follows:

Liabilities	(Rs.)	(Rs.)	Asset	(Rs.)
Creditors		1,60,000	Building	1,50,000
Bills Payable		55,000	Furniture	10,000
Bank Overdraft		15,000	Computer	25,000
Commission received in advance		8,000	Investment (market value Rs. 55,000)	60,000
Capital A/Cs : A	80,000		Debtors	70,000
B	80,000		Stock	50,000
C	80,000	2,40,000	Bills Receivable	5,000
			Loan to z	1,00,000
			P/L a/c	8,000
		4,78,000		4,78,000

The firm was dissolved on the following terms:

i) Debtors realized Rs.50,000; Stock Rs.20,000; Building Rs. 99,700
ii) Firm had an unrecorded asset which realized Rs.50,000 and also an unrecorded liability of Rs. 75,000.
iii) Commission received in advance was returned to the customer after deducting Rs.3,000.
iv) Creditors of Rs. 60,000 accepted investment at book value. Remaining creditors were paid by cheque.
v) A was to get Rs 2,700 as remuneration for completing the dissolution work and was to bear the realization expenses. The realization expenses of Rs. 1,700 were paid by A.

Prepare the necessary Ledger A/cs. (12)

5 a) X, Y and Z are partners in a firm sharing profits in the ratio 3:1:1. Their fixed capital balances are Rs. 4,00,000; Rs. 1,60,000 and Rs.1,20,000 respectively. Net profit for the year ended 31st March 2020 distributed amongst the partners was Rs. 1,00,000 without considering the following:

i) Interest on capital @ 2% p.a.
ii) Salary to X Rs. 18,000 p.a. and commission to Z Rs. 12,000.
iii) X was allowed a commission of 6% of divisible profit after charging such commission.

Pass a rectifying journal entry in the books of the firm. Show the workings. (4)

b) P and Q are partners sharing profits in the ratio 3:2. On 31st march 2020 their balance sheet was as follows:

Balance Sheet
As on 31st March 2020

Liabilities	Amount (Rs)	Amount (Rs)	Assets	Amount (Rs)	Amount (Rs)
Creditors		64,00,000	Bank		17,000
General Reserve		21,000	Debtors		23,000
Capital A/cs:			Stock		1,10,000
P	60,000				
Q	40,000	1,00,000			
			Investment		30,000
			Furniture		10,000
			Machinery		35,000
		2,25,000			2,25,000

On 1st April 2020 C was admitted as a partner and it was decided that:

i) The new profit-sharing ratio will be 2:2:1.
ii) Goodwill of the firm was valued at two years purchase of average profit of last three years. The profits were: Year I – Rs. 48,000; Year II – Rs. 40,000; Year III – Rs. 47,000. C brought his share of goodwill premium in cash.
iii) Market value of investment was Rs. 24,000.
iv) Machinery will be reduced to Rs. 29,000.
v) A creditor of Rs. 3,000 was not likely to claim the amount. Hence, to be written off.
vi) The total capital of the firm was decided to be Rs. 2,00,000 in new profit-sharing ratio and C brings his share.

Prepare revaluation A/c and Partners Capital A/c. (8)

6) A, B and C are partners sharing profits in the ratio 5:3:2.The Balance Sheet as on 31st March 2020 was as follows:

liabilities		Rs.	Rs.	Assets	Rs.	Rs.
Creditors			28,000	Cash		34,000
Provident fund			10,000	Debtors	47,000	
Investment fluctuation fund			10,000	Less: Provision for D debts	3,000	44,000
Capital A/Cs:	A	50,000		Stock		15,000
	B	40,000		Investment		40,000
	C	25,000	1,15,000	Goodwill		20,000
				P/L A/C		10,000
			1,63,000			1,63,000

0n this date, B retires and A and C agreed to continue on the following terms:

i) The Goodwill of the firm was valued at Rs. 51,000

ii) There was a claim for Workmen's Compensation to the extent of Rs 6,000
iii) Investments were brought down to Rs 15,000.
iv) Provision for Doubtful Debts was reduced by Rs 1,000.
v) B was paid Rs 10,000 in cash and the balance was transferred to his loan account payable in two equal instalments together with interest @ 12% P.A. Pass the necessary Journal entries an prepare B's Loan account till it is finally paid off. (12)

7) Moli, Bhola, Raj were partnership a firm sharing profits and losses in the ratio 3:3:4. Their partnership deed provided for the following:

i) Interest on capital @ 5% pa
ii) Interest on drawings @ 12% pa
iii) Interest on partners' loan @ 6% pa
iv) Moli was allowed an annual salary of Rs. 4000; Bhola was allowed a commission of 10% of net profit shown by Profit and Loss account and raj was guaranteed a profit Rs. 1,50,000 after making all the adjustments as provided in the partnership agreement.

Their fixed capitals were Moli: Rs. 5,00,000; Bhola Rs. 8,00,000; and Raj: Rs. 4,00,000. On 1st April, 2016 Bhola extended a loan of Rs. 1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2017 before interest on Bhola's loan was Rs. 3,06,000.

Prepare Profit and Loss Appropriation Account of Moli, Bhola and Raj for the year ended 31st March, 2017 and their Current Accounts assuming that Bhola withdrew Rs. 10,000 at the end of each quarter and Raj withdrew Rs. 40,000 at the end of each half year. (12)

8.a) Following balances have been extracted from the books of Sony India Ltd as at 31st March 2021.

Particulars	Rs
Share Capital (Fully paid Shares of Rs 100 each)	2,00,000
Long-term Borrowings	1,50,000
Trade Payables	10,000
Fixed Assets (Tangible)	3,00,000
Securities Premium Reserve	20,000
Surplus i.e Balance in Statement of Profit and Loss	25,000
Inventories	10,000
Trade Receivables	40,000
Cash at Bank	30,000
Non-current Investments	1,25,000
Long Term Provisions	5,000
Provision for Tax	5,000
Prepaid Expenses	5,000
Outstanding Expenses	5,000
Short-term Borrowings	45,000

Note: The Board of Directors recommended dividends @ 10% on paid-up capital after the Balance Sheet date. You are required to prepare the Balance Sheet of Sony India Limited as at 31st March 2021 as per Schedule III. (8)

b) Sam and Tom are partners in a firm sharing profits in the ratio 7:3.Their capitals were Rs.2,00,000 and Rs.1,50,000 respectively.They admitted Ann on 1st April 2020 as a partner for 1/6th share in future profits. Ann brings Rs.1,00,000 as her capital. Calculate the value of Goodwill of the firm and record necessary journal entries for the above transaction. (4)

SECTION B

9) From the following information calculate:

a) Operating ratio b) Quick ratio c) Working capital turnover ratio

Information:

Equity Share Capital Rs.1,00,000; 12% Preference Share Capital Rs.80,000; 12% Debentures Rs.60,000; General Reserve Rs.40,000; Revenue from operation Rs.3,00,000; Opening Inventory Rs.10,000; Purchases Rs.1,20,000; Wages Rs.30,000; Closing Inventory Rs.30,000; Selling & distribution expenses Rs.10,000; Quick Assets Rs.2,00,000; Current Liabilities Rs.1,20,000 (6)

b) S Ltd reported Net Profit of Rs.3,40,000 for the year ended 31st March 2021. The extracts from Balance Sheets were as follows:

Particulars	31.3.2020	31.3.2021
	Rs.	Rs.
Inventories	69,000	72,000
Trade Receivables	94,000	61,000
Trade Payables	82,000	78,000
Provision for tax	13,000	19,000
General Reserve	20,000	30,000

Depreciation charged on Machinery Rs.49,000; Gain on sale of Investment Rs.8,000. Calculate Cash flow from Operating activities as per AS 3. (4)

10) Balance Sheet of Mixel Ltd. as on 31st March 2020:

PARTICULARS		31.3.2020	31.3.2019
I EQUITY & LIABILITIES			
1. Shareholders Fund			
(a) Share Capital		4,50,000	4,50,000
(b) Reserves & Surplus	1	3,78,000	3,56,000
2. Non Current Liabilities			
Long Term Borrowings: Mortgage Loan		2,70,000	-
3. Current Liabilities			
(a) Trade Payables		1,34,000	1,68,000
(b) Short Term Provisions: Provision for Taxation		10,000	75,000
Total		12,42,000	10,49,000
II Assets			
1. Non-current Assets			
(a) Fixed Assets (Tangible)		3,20,000	4,00,000
(b) Non-current Investments		60,000	50,000
2.Current Assets			
(a) Current Investments		17,000	19,000
(b) Inventories		2,10,000	2,40,000
(c) Trade Receivables		4,55,000	2,10,000
(d) Cash & Bank balances		1,80,000	1,30,000
Total		12,42,000	10,49,000

Note to Accounts

Particulars	31.3.2020 (Rs)	31.3.2019 (Rs)
1. Reserves and Surplus		
General Reserve	3,10,000	3,00,000
Surplus i.e Balance in Statement of Profit and Loss	68,000	56,000
	3,78,000	3,56,000

Additional Information

1. Investment costing Rs 8000 were sold during the year for Rs 8,500.
2. Provision for tax made during the year was Rs 9000.
3. During the Year, part of the fixed assets costing Rs 10,000 was sold for Rs 12,000 and the profit was included in the Statement of Profit and Loss.
4. Interim Dividend paid during the year was Rs 40,000. (10)

11 a) Which item is assumed to be 100 while preparing Common size statements? (2)

b) Prepare a Comparative Statement of Profit & Loss for the year ended 31st March 2020 from the following information:

Particulars	31st March 2019 (Rs)	31st March 2020 (Rs.)
Revenue from operations	10,00,000	5,00,000
Purchase of stock in trade	6,50,000	2,00,000
Change in inventories	60,000	50,000
Other expenses	10% of cost of revenue from operations	20% of cost of revenue from operations
Tax rate	40%	30%

(8)

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