HALF YEARLY EXAMINATION, 2017-18

ACCOUNTANCY

Time : 3 hrs. **Class - XII** **M.M. : 80**

Name of the student ________________________________ ***Section*** ____ ***Date-14.09.2017 (Thursday)***

General instructions :

- *Attempt all parts of a question at one place.*
- *Please write down the serial number of the question before attempting it.*
- *Please check that this question paper contains 23 questions.*

Q.1 Durga and Naresh were partners in a firm. They wanted to admit five more members in the firm. List any two categories of individuals other than minors who cannot be admitted by them. (1)

Q.2 Distinguish between 'fixed capital account' and 'fluctuating capital account' on the basis of credit balance. (1)

Q.3 P and Q were partners sharing profits and losses in the ratio of 2:1. They admit C for $1/5^{th}$ share. For this purpose, the goodwill of the firm is to be valued on the basis of 3 years purchase of last 5 years average profits. (1)

2010 – 50,000; 2011 – 60,000; 2012 – 40,000; 2013 – 65,000; 2014 – 80,000

The profit of 2012 was calculated after charging Rs. 5,000 for loss of goods by fire. Calculate goodwill of the firm.

Q.4 What are super profits? (1)

Q.5 What is the interest of investors in the analysis of financial statements? (1)

Q.6 Name the sub headings under which current liability shall be classified in the Company's Balance Sheet. (1)

Q.7 State whether the following will increase, decrease or have no effect on cash flow from operating activities while preparing Cash Flow Statement. (1)

a) Decrease in outstanding expenses by Rs. 3,000.

b) Increase in prepaid insurance by Rs. 2,000.

Q.8 Under which type of activity will you classify 'proceeds from sale of patents' while preparing Cash Flow Statement? (1)

Q.9 A and B are partners sharing profits and losses in the ratio of 2:3. They had capitals of Rs. 2,00,000 and 1,00,00,00 respectively. (3)

a) Both the partners are entitled to interest on capital @ 10% p.a.

b) A is entitled to a salary of Rs. 3,000 per quarter.

c) B is entitled for commission @ 10% on net profits after charging interest on capital and salary (including his own commission).

The net profit for the year ended 31.3.2016 is Rs. 97,000. Prepare Profit and Loss Appropriation Account.

Q.10 A and B are partners sharing profits and losses in the ratio of 3:2. On 1.4.2015 they decided to share future profits and losses equally. On that date 'workmen (3) compensation reserve' appears in the Balance Sheet at Rs. 10,000. Show the accounting treatment in each of the following cases –

Case 1 – If a claim on account of workmen compensation is estimated at Rs. 4,000.

Case 2 – If a claim on account of workmen compensation is estimated at Rs. 12,000.

Q.11 What are the limitations of analysis of financial statements? (3)

Q.12 Prepare a Comparative Statement of Profit & Loss of X Ltd., with the help of the following information : (3)

Particulars	31.3.2013	31.3.2012
Revenue from operations	20,00,000	10,00,000
Cost of materials consumed	70% of Revenue from operations	60% of Revenue from operations
Other expenses	60,000	40,000
Rate of income tax	50% of net profit before tax	

Q.13 Prepare a common size Balance Sheet of X Ltd. as at 31.3.2012. (4)

Particulars	Note No.	Amount (Rs.)
I Equity and liabilities		
i) Shareholders funds		3,00,000
ii) Non current liabilities		2,00,000
iii) Current liabilities		1,00,000
TOTAL		**6,00,000**
II Assets		
i) Non Current Assets		4,00,000
ii) Current Assets		2,00,000
TOTAL		**6,00,000**

Q.14 Rs. 1,50,000 is the cost of Revenue from Operations. Inventory turnover ratio is 8 times. Inventory at the beginning is 1.5 times more than the inventory at the end. Calculate the values of opening and closing inventories. (4)

Q.15 A, B and C are partners in a firm having capitals of Rs. 80,000, 70,000 and Rs. 60,000 respectively after making the necessary adjustment in respect of drawings and net profit for the year ended 31.3.2016. It was subsequently found that interest on capital@ 10% p.a. and interest on drawings of each partner had been ignored. The drawings of each partner had been A – 10,000; B – 5,000; C – 4,000. The interest on that amounted to Rs. 500; Rs. 300 and Rs. 200 respectively. The profit for the year already adjusted amounted to Rs. 36,000. Give necessary journal entry for the above adjustment and show your workings clearly. (4)

Q.16 Calculate the interest on drawings of Mr. Arun @ 10% p.a. for the year ended 31st March, 2007 in each of the following alternative cases : (4)

Case (a) If he withdrew Rs. 5,000 p.m. in the beginning of every month.

Case (b) If he withdrew Rs. 60,000 during the year.

Case (c) If he withdrew Rs. 15,000 in the beginning of each quarter.

Case (d) If he withdrew Rs. 15,000 during the middle of each quarter.

Q.17 The balance in Plant and Machinery account and accumulated depreciation account as on March 31, 2013 and 2014 stood as follows : (4)

Particulars	2013	2014
Plant and Machinery	48,00,000	65,40,000
Accumulated depreciation	14,05,000	22,10,000

Plant and machinery costing Rs. 12,80,000; accumulated depreciation thereon Rs. 5,30,000 was sold at a loss of Rs. 2,60,000 Compute the amount of plant and machinery purchased and sold.

Q.18 The partners of a firm distributed the profits for the year ended 31.3.2016 Rs. 75,000 in the ratio of 3:2:1 without providing for the following adjustments. (6)

i) A and B were entitled to a salary of Rs. 3,000 each per annum.

ii) B was entitled to a commission of Rs. 5,000.

iii) B and C had guaranteed a minimum profit of Rs. 30,000 p.a. to A.

iv) Profits were to be shared in the ratio of 3:3:2.

Pass the necessary adjustment entry.

Q.19 a) Amit, Sumit and Namit were sharing profits in the ratio of 5:3:2. They now decide to change their profit sharing ratio to 3:2:1. Compute sacrificing and gaining ratio of the partners. (6)

b) Ram and Shyam are partners sharing profits and losses in the ratio of 3:1. On 1.1.2015 they decided to share future profits and losses in the ratio of 5:3. Goodwill of the firm was valued at Rs. 64,000. Pass necessary journal entry for the treatment of goodwill.

c) A and B were partners sharing profits and losses in the ratio of 2:1. On 31.12.2014 their balance sheet showed a general reserve of Rs. 60,000. Future profit sharing ratio is 3:2. Pass necessary journal entry if they do not want to show general reserve in the new Balance Sheet.

Q.20 A and B were partners sharing profits sharing profits and losses in the ratio of 3:2. On 31.12.2014 their Balance Sheet was as follows : (6)

Balance Sheet as at 31.12.2014

Liabilities	Amount	Assets	Amount
Creditors	22,500	Cash	8,500
Profit & Loss a/c	10,000	Debtors	40,000
Capital A/c's		Stock	20,000
A 30,000		Furniture	12,000
B 50,000	80,000	Land & Building	32,000
	1,12,500		1,12,500

On 1.1.2015, they admitted C as a partner on the following terms :

a) C will get 1/4th share in profits.

b) New profit sharing ratio 3:3:2.

c) C shall bring Rs. 10,000 for 1/4th share of goodwill and Rs. 25,000 as his capital.

d) Stock was to be reduced by 20% and the furniture be depreciated by 15%.

e) Land and building were revalued at Rs. 43,800.

Prepare Revaluation Account and Capital Account of partners.

Q.21 From the following information calculate the following ratios : (6)

a) Debt Equity Ratio

b) Proprietory Ratio

c) Return on Investment

Information :	Rs.
Equity Share Capital	1,20,000
10% Preference Share Capital	40,000
General reserve	1,60,000
Loan @ 15% interest	2,00,000
Revenue from Operations	5,60,000
Gross profit	1,79,200
Tax paid during the year	40,000
Profit after interest and tax	80,000
Fixed assets	5,20,000
Current assets	1,05,000
Current liabilities	25,000

Q.22 C and D are partners in a firm sharing profits in the ratio of 4:1. On 31.3.2016, their Balance Sheet was as follows : (8)

Balance Sheet of C and D as at 31.3.2016

Liabilities	Amount	Assets	Amount
Sundry Creditors	40,000	Cash	24,000
Provision for Bad Debts	4,000	Debtors	36,000
Outstanding Salary	6,000	Stock	40,000
General Reserve	10,000	Furniture	80,000
Capital A/c		Plant and machinery	80,000
C 1,20,000			
D 80,000	2,00,000		
	2,60,000		2,60,000

On the above date, E was admitted for 1/4th share in the profits on the following terms:

i) E will bring Rs. 1,00,000 as his capital and Rs. 20,000 for his share of goodwill premium, half of which will be withdrawn by C and D.

ii) Debtors Rs. 2,000 will be written off as bad debts and a provision of 4% will be created on debtors for bad and doubtful debts.

iii) Stock will be reduced by Rs. 2,000, furniture will be depreciated by Rs. 4,000 and 10% depreciation will be charged on plant and machinery.

iv) Investments of Rs. 7,000 not shown in the balance sheet will be taken into account.

v) There was an outstanding repairs bill of Rs. 2,300 which will be recorded in the books.

Pass necessary journal entries for the above transactions in the books of the firm.

OR

Padma and Qureshi are partners in a firm sharing profits and losses in the ratio of 5:3. On 31.3.2014 their Balance Sheet is as under.

Balance Sheet as at 31.3.2014

Liabilities		Amount	Assets		Amount
Creditors		39,000	Cash		15,000
Bills payable		5,000	Debtors	49,000	
General Reserve		16,000	Less : Provision	1000	48,000
Capital A/c's			Stock		45,000
Padma	2,00,000		Land and Building		2,00,000
Qureshi	1,50,000	3,50,000	Plant and machinery		1,02,000
		4,10,000			4,10,000

On 1.4.2014, R is admitted as a partner in the firm on the following terms :

i) R bring Rs. 1,00,000 as capital for 1/4th share in the profits.

ii) New profit sharing ratio will be 2:1:1.

iii) Goodwill of the firm on R's admission was valued at Rs. 1,20,000. R could not bring his share of goodwill in cash.

iv) Stock was depreciated by 10% and provision for Bad debts was raised by Rs. 1,500.

v) Machinery was depreciated by Rs. 2,000 and land and building was appreciated by 2%.

vi) Creditors include Rs. 1,000 which were not likely to be paid.

Prepare Revaluation Account, Partners Capital Account and Balance Sheet of the firm on R's admission.

Q.23 From the following Balance Sheet of Tarun Fashions Ltd. prepare a Cash Flow Statement. (8)

Balance Sheet as at 31.3.2012

Particulars	Note No	31.3.2012	31.3.2011
I. Equity and Liabilities			
i) Share holders' funds			
a) Share capital		1,50,000	1,20,000
b) Reserves and surplus		1,28,000	75,000

ii) Non Current Liabilities			
Long term borrowings	1	-	50,000
iii) Current Liabilities			
a) Trade payables		16,500	77,000
b) Short term provisions	2	26,000	20,000
TOTAL		3,20,500	3,42,000
II. Assets			
i) Non-Current Assets			
Fixed Assets			
a) Tangible assets	3	1,27,000	1,40,000
b) Intangible assets	4	35,000	20,000
ii) Current Assets			
a) Inventory		1,05,000	1,20,000
b) Trade Receivables		33,500	37,000
c) Cash and cash equivalents		20,000	25,000
TOTAL		3,20,500	3,42,000

Notes to Accounts :	31.3.2012	31.3.2011
1. Long term borrowings		
15% debentures	-	50,000
2. Short term provisions		
Provision for taxation	11,000	8,000
Proposed dividend	15,000	12,000
	26,000	**20,000**
3. Tangible assets		
Building	80,000	1,00,000
Plant and machinery	47,000	40,000
	1,27,000	**1,40,000**
4. Intangible Assets		
Goodwill	35,000	20,000

Additional information :

i) Depreciation of Rs. 10,000 was provided on plant and machinery.

ii) Gain on sale of a part of building Rs. 25,000.

iii) Debentures were redeemed on 1.4.2011.

OR

Prepare a Cash Flow Statement from the following :

Particulars	Note No	31.3.2012	31.3.2011
I. Equity and Liabilities			
i) Share holders' funds			
a) Share capital		3,00,000	2,00,000
b) Reserves and surplus	1	65,000	50,000
ii) Current Liabilities			
a) Trade payables		1,05,000	52,000
b) Short term provisions	2	20,000	2,000
c) Other current liabilities	3	-	16,000
TOTAL		4,90,000	3,20,000
II. Assets			
i) Non-Current Assets			
a) Fixed Assets		2,25,000	1,10,000
b) Non-current investment		55,000	60,000
ii) Current Assets			
a) Inventory		26,000	50,000
b) Trade Receivables		1,80,000	92,000
c) Cash and cash equivalents		4,000	8,000
TOTAL		4,90,000	3,20,000

Notes to Accounts :	31.3.2012	31.3.2011
1) Reserves and Surplus		
Securities premium	20,000	-
Profit and Loss Balance	45,000	50,000
	65,000	**50,000**
2) Short term provision		
Provision for Doubtful debts	**20,000**	**2,000**
3) Other Current Liabilities		
Outstanding salaries	**-**	**16,000**

Additional information :

a) During the year, company sold 60% of its original non current investments at a profit of 25%.

b) Depreciation provided during the year was Rs. 35,000