

Quarterly Examination 2018-2019
ACCOUNTS

Class - XII

Time : 3Hrs.+15mints.

Full Marks : 80

SECTION A PART I (12 marks)

(Answer *all* questions)

Question I

[6x2]

- 1) Define sacrificing ratio.
- 2) Under which heads and sub heads the following items will appear in the Balance Sheet of a company as per Schedule III of the Companies Act 2013.
(a) Proposed Dividend (b) Interest accrued and due
(c) Public Deposits (d) Current maturities of long term loan
- 3) Distinguish between drawings against capital and drawings against profit.
- 4) Shyam and Ram are partners in a firm having no Partnership Deed. Shyam has advanced Rs 10,000 as loan to the firm. He claims interest at the usual rate of interest of 12%p.a. as charged by the banks to which Ram did not agree. State giving reason, which of the two is correct in this case.
- 5) What do you mean by purchased goodwill ?
- 6) Give adjusting and closing entries for rent paid to the partner by the firm.

PART II (Answer any *four* questions)

Question II

- 1) Virat and Sachin are partners in a firm. They share profits

{Turn Over}

and losses in the ratio of 2:1. Their Balance sheet as at 31st march 2016 stood as under;

Liabilities	Amount	Assets	Amount
Capital:		Plant and Machinery	1,75,000
Virat	1,40,000	Furniture and fixtures	65,000
Sachin	1,00,000	Stock	35,000
Workmens Compensation Reserve	40,000	Bills receivable	12,000
Creditors	1,50,000	Debtors	1,10,000
Bills payable	10,000	Less: Provision for	
		Doubtful Debts	7,000
		Cash and bank balance	50,000
	<u>4,40,000</u>		<u>4,40,000</u>

Kapil is admitted in the partnership. Virat surrenders $\frac{2}{5}$ th of his share and Sachin surrenders $\frac{1}{5}$ th of his share in favour of Kapil. The following information is given about them:

- Plant and machinery be reduced by Rs 35,000 and furniture and fixtures be reduced to Rs 58,500
- Provision for Bad and Doubtful Debts is to be increased by Rs 3000
- Actual Liability for workmens compensation claim is Rs 16,000
- A liability of Rs 2,500 included in creditors is not likely to arise.
- Goodwill of the firm is valued at Rs 1,20,000. But Kapil is unable to bring goodwill in cash.

- f) Kapil is to bring in capital proportionate to his share of profit after all adjustments.

Prepare Revaluation Account and Capital Accounts of partners after Kapil's admission. [8]

- 2) The capital accounts of Lal and Pal stood at Rs 10,00,000 and Rs7,50,000 respectively after necessary adjustment in respect of the drawings and net profits for the year ended 31st march 2018. It was subsequently discovered that 5% p.a. interest on capital and drawings was not provided in arriving at the net profit. The drawings of the partners had been: Lal- Rs 30,000 drawn at the end of each quarter and Pal- Rs 45,000 at the end of each half year. The net profit for the year as adjusted amounted to Rs 5,00,000. The partners share profits in the ratio of 3:2. Pass single adjusting entry to rectify the above error. [4]

Question III

Alka and Arnab are partners sharing profits and losses in the ratio of 3:2.on 1s march 2018 their Balance sheet was as follows:

Liabilities	Amount	Assets	Amount
Sundry creditors	2,00,000	Cash in hand	100,000
Bills payable	1,00,000	Investment	5,00,000
General reserve	1,50,000	Debtors	50,000
Investment fluctuation reserve	50,000	Stock	3,00,000
Capital accounts:		Building	5,00,000
Alka	8,00,000	Machines	2,00,000
Arnab	4,00,000	goodwill	50,000
	<u>17,00,000</u>		<u>17,00,000</u>

They agreed to admit Bina as a partner with effect from 1st April 2018 for 1/3r share on the following term:

- i. Bina will bring Rs 5,00,000 as capital and Rs 2,00,000 as his share of Goodwill but he could bring only Rs 1,20,000 towards Goodwill.
- ii. Building and machines are overvalued by 5%
- iii. Stock is taken over by Alka at Rs 2,50,000
- iv. Market value of investment is reduced by Rs 60,000
- v. There is an unrecorded asset valued at Rs 1,20,000
- vi. One month's salary of Rs 50,000 is outstanding
- vii. A sum of Rs 20,000 included in creditors was to be written back as there was no liability to pay the amount.
- viii. A bill of exchange of Rs 20,000 which was previously discounted with bank, was dishonoured on 31st March 2018 but no entry has been passed on this.
- ix. They further decided that general reserve is to appear at its original amount in the Balance Sheet of reconstituted firm.

Pass necessary Journal Entries at the time of reconstitution of the firm. [12]

Question IV

- 1) Surbhi Ltd. has an authorised capital of Rs 40,00,000 divided in to 4,00,000 Equity Shares of Rs 10 each. Out of these the company has issued 2,00,000 Equity Shares of Rs 10 each to the public. The issue was fully subscribed by the public except Rs 25,000 as calls in Arrears on 10,000 shares.

Present, Share Capital in the Balance Sheet of the Company as per Schedule III Part I of the Companies Act 2013. Also prepare 'Notes to Accounts'. [4]

2) Tej and Partho started a partnership business on 1st April 2017. They contributed Rs 80,000 and Rs 60,000 respectively as their capitals. The terms of the partnership agreement are given below:

- a) Tej provides his personal office to the firm for business use and charging yearly rent of Rs 1,20,000.
- b) 20% of the net profit to be transferred to General Reserve.
- c) Tej and Partho will get a monthly salary of Rs 2,000 and Rs 3,000 respectively.
- d) Partho is entitled to a fixed commission of Rs 7,000
- e) Interest on capital @ 12% and interest on drawings at 10%.
- f) Profit sharing ratio is in their capital contribution.
- g) The profit for the year ended 31st March 2018 before providing rent to Tej and other appropriations was Rs 2,45,375. The drawings of Tej and Partho were Rs 40,000 and Rs 50,000 respectively. Prepare Profit and Loss Appropriation Account and Partners Capital Accounts. [8]

Question V

Mr. X sold his business to Mr. Y. Calculate the value of Goodwill taking into consideration the following factors;

- a) Profits of last four years were: in 2015 Rs 40,000, in 2016 Rs 58000 in 2017 Rs 53000 in 2018 Rs 62,000.
- b) Abnormal loss of Rs 2,000 due to theft has reduced the profits for the year 2015.
- c) The profits for the year 2016 include abnormal profit of Rs 4,000.
- d) Interest on investment of Rs 5000 was received during the year 2017 included in the profit.
- e) Profits for the year 2018 were reduced by Rs 10,000 of the depreciation on such machinery which was destroyed by fire during the year.

Average capital employed is Rs 2,00,000 and the rate of normal profit is 15%. Find out the value of Goodwill on the basis of:

1. Three years purchase of Average profits.
2. Three years purchase of Super profits.
3. Weighted Average Profit Method.
4. Capitalisation of Superprofits. [4x3]

Question VI

From the following details given below, prepare Balance Sheet of Silver Ore Co. Ltd as at 31st March 2018 as per Schedule III of the Companies Act, 2013. [12]

Details	Amount
Balance in Statement of Profit and Loss(Dr.)	10,00,000
10% Debentures	10,00,000
Provision for Tax	1,00,000

Equity Share Capital(Rs 100 each)	2,500,000
Cheques and Drafts on hand	2,40,000
12% Preference Share Capital(Rs 100 each)	20,00,000
Prepaid expenses	2,50,000
Short term bank loan	2,25,000
Interest accrued on debentures of Tata Steel	60,000
Building under construction	5,75,000
12% Debentures of Tata Steel	10,00,000
Premium on redemption of Debentures	1,00,000
Share Application Money Pending Allotment	2,00,000
Trade Payables	3,75,000
Calls in Advance	25,000
Employees earned Leave payable on Retirement	2,25,000
Inventories	2,50,000
Security Deposits for Telephone Brands	25,000
Computer software under development	5,50,000
Trade Receivables	1,00,000
Plant and Machinery	6,00,000
Investment in Land and buildings	10,00,000
10% Debentures of Reliance Ltd (1/5 th redeemable within a year)	5,00,000

SECTION B (20 Marks)

Answer *all* questions

Question VII

- 1) What are the objectives of Ratio Analysis ? [2]
- 2) What do you mean by Liquidity Ratio? [2]

- 3) A business has a Current Ratio of 3:1 and Quick Ratio of 1.2:1 if the working capital is Rs 1,80,000, calculate the total current assets, current liabilities and Inventory. [3]
- 4) Opening inventory Rs 29,000, closing inventory Rs 31,000. Revenue from operations Rs 3,20,000. Gross Profit Ratio 25% on sales, calculate (i) Inventory Turn Over Ratio and (ii) Average Age of Inventory. [3]

Question VIII

From the information given below, calculate (1) Operating Ratio, (2) Quick Ratio (3) Debt Equity Ratio, (4) Proprietary Ratio, (5) Working Capital Turnover Ratio.

Particulars	Amount
Net Revenue from Operations	12,00,000
Cost of Revenue from operations	9,00,000
Operating expenses	15,000
Inventory	20,000
Other current assets	2,00,000
Current liabilities	75,000
Paid up Share capital	4,00,000
Statement of Profit and Loss (Dr.)	47,500
Total Debt	2,50,000

[10]