



# INDIAN SCHOOL AL WADI AL KABIR

## PRELIMINARY EXAMINATION I – NOVEMBER 2020

Class: XII  
25/11/2020

### ACCOUNTANCY SET-I

M.M: 80  
Time:3 hrs

#### Instructions:

- (i) This question paper contains two parts A and B
- (ii) Part A is of 60 marks and Part B of 20 marks.
- (iii) Both the Parts are compulsory.
- (iv) Parts of a question should be attempted at one place.

### PART A

#### Not for profit Organisation, Accounting for Partnership Firms

1.	A, B and C are partners in a partnership firm. They do not have a partnership deed. The business faced a problem during the first year. A and B having contributed larger amounts of capital, desire that the profits should be distributed in the ratio of their capital contribution but C does not agree. How will you settle this dispute?	1
2.	A, B and C are partners in a firm. They admit C as a partner with 1/4 <sup>th</sup> share in the profits of the firm. C brings Rs. 2,00,000 as his share of capital. Value of the total assets of the firm is Rs. 5,40,000 and outside liabilities are valued at Rs. 1,00,000 on that date. Calculate goodwill of firm at the time of C's admission.	1
3.	A and B are partners in the firm sharing profits in the ratio 1:2. C is admitted into the firm for 1/4 <sup>th</sup> share in the business. He brings in Rs. 40,000 as his share of capital and Rs. 4,000 as his share of goodwill. He compensates the sacrificing partners by giving them his share of goodwill privately. Write the journal entry for goodwill.	1
4.	How are the following items shown in the financial statements of Not – for – Profit Organisation? Tournament Fund Rs. 2,00,000 Tournament Expenses Rs. 2,10,000	1

5.	Which of the following is not a mode of dissolution of the partnership firm? a) On happening of an event b) Dissolution by court c) Retirement of a partner d) By Mutual Agreement	1
6.	State the order of payment of the following in case of dissolution of a partnership firm: (i) To each partner proportionately what is due to him/her from the firm for advance as distinguished from capital (i.e., partners' loan). (ii) To each partner proportionately what is due to him on account of capital; and (iii) From the debts of the firm to the third parties	1
7.	Differentiate between Dissolution of firm and Dissolution of Partnership on the basis of Settlement of Assets and Liabilities.	1
8.	A and B are partners in a firm sharing profits in the ratio of 4:1. They decided to share future profits in the ratio 3:2 with effect from 1 <sup>st</sup> April, 2020. On that day, Profit and Loss Account showed a debit balance of Rs. 1,00,000. Pass adjusting entry to give effect to the above.	1
9.	X, Y and Z were partners sharing profits in the ratio of 2:2:1. Y died on 30 <sup>th</sup> June, 2020 and profit for the accounting year ended 31 <sup>st</sup> March, 2020 was Rs. 36,000. If profit share of deceased partner is to be calculated on the basis of previous year's profit, amount of profit credited to Y's Capital Account will be _____ (a) Rs. 3,000 (b) Rs. 2,400 (c) Rs. 3,600 (d) Rs. 2,800	1
10.	A, B and C are partners sharing profits in the ratio of 1:2:3. C retires and his capital, after making adjustments for reserves and gain (profit) on revaluation is Rs. 2,50,000. A and B agreed to pay him Rs. 2, 65,000 in full settlement of his claim. Calculate C's share of goodwill.	1
11.	X, Y and Z were partners sharing profits and losses in the ratio of 3:2:1. Y died on 30 <sup>th</sup> June, 2020. X and Z decided to share future profits in the ratio of 3:2 with effect from 1 <sup>st</sup> July 2020. What will be the journal entry to be passed for share in profit of Y.	1
12.	Interest on capital is allowed on _____ (a) The opening capital (b) The capital at the year end (c) Average capital of the year (d) The capital in the middle of the year.	1
13.	_____ will be the interest on drawings of Sri Hari for the year ended 31 <sup>st</sup> March 2020 withdrew Rs. 90,000 at the middle of each quarter. Interest on drawings is calculated @10% p.a. (a) Rs. 15,000 (b) Rs. 9,000	1

- (c) Rs. 18,000  
(d) Rs. 20,000

14.

3

Seema Trust runs a health care centre for charity. How will the following items be dealt in while preparing Income and Expenditure Account for the year ended 31<sup>st</sup> March 2020

Particulars	1 <sup>st</sup> April, 2019	31 <sup>st</sup> March, 2020
Stock of Medicines	15,000	2,500
Creditors for Medicines	10,000	6,500
Advance paid for Medicines on 31 <sup>st</sup> March, 2020		6,500
Advance paid for Medicines carried from the year ended 31 <sup>st</sup> March, 2019		1,000
Amount paid for the Medicines during the year		54,000

OR

From the following extract of Receipts and Payments Account and the additional information, you are required to calculate Income from Subscriptions for the year ended 31<sup>st</sup> March, 2020 and present it in the Income and Expenditure Account

Receipts and Payments Account for the year ended 31<sup>st</sup> March, 2020

Receipts	Amount	Payments	Amount
To Subscriptions:			
2018-19	36,000		
2019-20	2,00,000		
2020-21	50,000		

Additional Information:

Subscriptions outstanding as at 31<sup>st</sup> March, 2019 Rs. 40,000

Subscriptions outstanding as at 31<sup>st</sup> March, 2020 Rs. 60,000

Subscriptions Received in advance as at 31<sup>st</sup> March, 2019 Rs. 40,000

15.

4

Akshay, Binoy and Charan are partners in a firm. Their capital accounts on 1st April, 2019, stood at Rs. 1,00,000, Rs. 60,000 and Rs. 80,000 respectively. Each partner withdrew Rs. 7,500 during the financial year 2019-20. As per the provisions of their partnership deed:

- (a) Interest on capital was to be allowed @ 5% per annum.  
(b) Interest on drawings was to be charged @ 4% per annum.  
(c) Profits and losses were to be shared in the ratio 5:4:1.

The net profit of Rs. 36,000 for the year ended 31<sup>st</sup> March 2020, was divided equally amongst the partners without providing for the terms of the deed. You are required to pass a single adjustment entry to rectify the error.

OR

A, B and C are partners in a firm. On 1<sup>st</sup> April 2019, their capital balances were Rs. 5,00,000, Rs. 6,00,000 and Rs. 7,00,000 respectively.

	<p>B died on 30<sup>th</sup> September 2019. His share of profit till the date of death is to be calculated on the basis of sales. It is also specified that the sales during the year 2019-20 were Rs. 15,00,000. The sales from 1<sup>st</sup> April 2019 to 30<sup>th</sup> September 2019 were Rs. 3,00,000. The profit of the firm for the year ended 31<sup>st</sup> March 2019 was Rs. 3,00,000.</p> <p>B's share of goodwill is calculated on the basis of thrice the average of the past 4 years' profits. The firm's profits for the last four years were: 2015-16 Rs. 1,20,000, 2016-17 Rs. 2,00,000, 2017-2018 Rs. 2,60,000 2018-2019 Rs. 2,20,000.</p> <p>Pass journal entries related to goodwill and share of profit of B. Show your workings clearly.</p>	
16.	<p>A) A and B are partners sharing profits in the ratio 3:2. They admit C for 1/10<sup>th</sup> share of profits in the business which he acquires, equally from A and B. Calculate the new profit-sharing ratio.</p> <p>B) X, Y and Z are partners sharing profits and losses in the ratio of 4:3:2. Y retires and gives 1/9<sup>th</sup> of his share to X and remaining to Z. Calculate the gaining ratio.</p>	4
17.	<p>Pass necessary journal entries on the dissolution of a partnership firm in the following cases:</p> <p>(i) K, a partner, agreed to look after the dissolution work for a commission of Rs. 5,000. K agreed to bear the dissolution expenses. Actual dissolution expenses Rs. 5,500 were paid by L, another partner, on behalf of K.</p> <p>(ii) Balance Sheet of the firm showed Stock @ Rs. 60,000. X, a partner took over 40% of the total stock @20% discount</p> <p>(iii) Debtors amounting to Rs. 70,000 were handed over to a debt collection agency which charged 5% commission. The remaining debtors were Rs. 23,500, out of which debtors of Rs. 8,500 could not be recovered because the same became insolvent.</p> <p>(iv) There was an old typewriter which had been written off completely. It was estimated to realise Rs. 1,200. It was taken over by Shyam @25% less than the estimated price</p>	4
18.	<p>X and Y were partners in a firm sharing profits in the ratio 3:1. They admitted Z as a new partner for 1/3rd share in the profits of the firm. New profit-sharing ratio will be equal. Z brought Rs. 1,00,000 as his capital and Rs. 30,000 for his share of premium for goodwill, half of which is withdrawn by the sacrificing partners. Pass necessary journal entries in the books for the firm for the above transactions.</p>	4
19.	<p>Following is the Receipts and Payments Account of Abdul Kalam Health Care Charitable Trust. Prepare income and expenditure account for the year ending 31/03/2020.</p>	6

Receipts	Amount	Payments	Amount
To balance b/d	1,40,000	By Charity Show Expenses	20,000
To Government Grant (Infant Vaccination Program)	1,40,000	By Medicines	5,00,000
To Subscriptions	10,00,000	By Medicines (Infant Vaccination)	1,00,000
To Charity Show Proceeds	60,000	By Equipments	3,00,000
To General Donations	90,000	By Miscellaneous Expenses	10,000
To Interest on Investment @7% p.a	1,40,000	By Salaries	5,50,000
To Donations (Medical Camps)	2,00,000	By Honorarium to Doctors	2,00,000
		By balance c/d	90,000
	17,70,000		17,70,000

Additional information:

	1 <sup>st</sup> April 2019	31 <sup>st</sup> March 2020
Stock of Medicines	2,00,000	3,00,000
Building	8,00,000	7,60,000
Equipments	4,20,000	6,00,000
Subscriptions Due	10,000	20,000
Subscriptions received in advance	20,000	10,000

20. Alpha, Beta and Gamma were partners in a firms sharing profits in the ratio 1:2:3. Their balance sheet as on 31<sup>st</sup> March 2020 was as follows: 6

Liabilities	Amount	Assets	Amount
Capital A/cs:		Bank	2,500
Alpha 50,000		Debtors	15,000
Beta 25,000		Land	25,000
Gamma <u>12,500</u>	87,500	Building	25,000
General Reserve	15,000	Stock	20,000
Creditors	25,000	Plant	50,000
Bills Payable	10,000		
	1,37,500		1,37,500

The partners decided to share the profits equally with effect from 1<sup>st</sup> April 2020 on the following terms:

- (i) Land to be revalued at Rs. 40,000
  - (ii) Building to be depreciated by 6%
  - (iii) Goodwill of the firm be valued at Rs. 75,000
  - (iv) Creditors of Rs. 3,000 were not likely to be claimed and hence be written off.
- Prepare Revaluation A/c, Partners' Capital A/c and Balance Sheet of the reconstituted firm.

21. X and Y are partners in a firm. The balance sheet as on 31<sup>st</sup> March 2020 were as follows: 8

Liabilities	Amount	Assets	Amount
Outstanding Expenses	6,000	Sundry Debtors	1,60,000
Workmen Compensation Reserve	11,200	Less: PBDD	<u>8,000</u>
Creditors	60,000	Cash	20,000
Capital A/cs		Stock	40,000
X	1,00,000	Profit & Loss A/c	8,000
Y	<u>1,20,000</u>	Furniture	77,200
	2,20,000		
	2,97,200		2,97,200

On 1<sup>st</sup> April 2020, they admitted Z as a new partner on the following conditions:

- (i) Z brings in Rs. 80,000 as his share of capital but he is unable to bring any amount for goodwill.
- (ii) The new profit-sharing ratio between X, Y and Z will be 3:2:1.
- (iii) There was a claim towards workmen compensation for Rs. 6,000
- (iv) Bad Debts amounting to Rs. 12,000 are to be written off.
- (v) Rs. 4,000 to be provided for an unrecorded liability for damages.
- (vi) Outstanding expenses be brought down to Rs. 2,400
- (vii) An old customer, whose account was written off as bad debts, has paid Rs. 5,000 in settlement of his dues.
- (viii) Goodwill is valued at 1.5 years' purchase of average profit of last three years, less Rs. 10,000. The profits of last three years amounted to Rs. 20,000, Rs. 40,000 and Rs. 60,000 respectively.

Prepare Revaluation Account, Capital Accounts of Partners and Cash A/c.

OR

Sun, Moon and Star were partners in a partnership firm with a profit-sharing ratio 3:2:1.

The balance sheet of the firm as on 31<sup>st</sup> March 2020 were as follows:

Trade Creditors	4,20,000	Goodwill	1,20,000
Workmen Compensation Reserve	2,40,000	Cash at Bank	1,15,000
Employment Provident Fund	1,20,000	Debtors	8,00,000
Investment Fluctuation Reserve	1,20,000	Less: PBDD	<u>40,000</u>
Capital A/cs		Advertisement Expenditure	72,000
Sun	13,60,000	Stock	7,53,000
Moon	6,40,000	Machinery	10,00,000
Star	<u>4,20,000</u>	Investments (Market Value	
	24,20,000	Rs. 3,52,000)	3,00,000
		Patents	2,00,000
	33,20,000		33,20,000

Star retired on 1<sup>st</sup> April 2020 on the following terms:

- (i) Value of patents is to be reduced by 20% and that of Machinery to 90%
- (ii) Goodwill of the firm is valued at Rs. 6,00,000
- (iii) Liability for Workmen Compensation to the extent of Rs. 1,20,000 is to be created.

- (iv) Star took over investments at the market value
- (v) Provision for Doubtful Debts is to be raised to 6%
- (vi) Amount due to Star is to be settled on the following basis:  
50% on Retirement  
50% of the balance within one year  
Balance by a bill of exchange at 3 months.

Prepare Revaluation A/c, Partners' Capital A/c and Balance Sheet of the firm after Star's Retirement.

22.

8

Megha and Sneha were partners in a firm sharing profits in the ratio of 3:2. The balance sheet of the firm as on 31<sup>st</sup> March 2020 were as follows:

Liabilities	Amount	Assets	Amount
Capital A/c:		Machinery	4,40,000
Megha            3,50,000		Stock	1,00,000
Sneha <u>3,88,000</u>	7,38,000	Bank	3,44,000
Sundry Creditors	1,60,000	Debtors	54,000
Sneha's Brother's Loan	40,000		
	9,38,000		9,38,000

On the above-mentioned date, the firm was dissolved. The assets were realized and the liabilities were paid off as follows:

- (i) Debtors realized Rs. 52,000
- (ii) 50% of the Machinery was taken over by Megha @ 20% less than book value. The remaining Machinery was sold for Rs. 2,10,000
- (iii) Sneha's Brother's loan was paid off along with an interest of Rs. 4,000
- (iv) Stock was taken over by Sneha for Rs. 58,000
- (v) Expenses on realization amounted to Rs. 10,000

Prepare necessary ledger accounts related to Dissolution.

**OR**

A,B and C are partners in a firm. Their capitals as on 1<sup>st</sup> April 2019 were Rs. 2,50,000, Rs. 1,50,000 and Rs. 2,00,000 respectively. They share profits equally. On 1<sup>st</sup> July 2019, they decided that their capitals should be R.s. 2,00,000 each. The necessary adjustments were made by introducing or withdrawing capital. Interest on Capital is allowed @8% p.a.

A withdrew Rs. 50,000 in the beginning of each month, B withdrew Rs. 60,000 at the end of each quarter and C withdrew Rs. 40,000 during the year. Interest on Drawings is charged @ 10% p.a.

A and B to get a monthly salary of Rs. 4,000 and Rs. 5,000 respectively and C is to get a commission of 10% on Net Profit. The Net Profit of the firm for the year ended 31<sup>st</sup> March 2020 were R.s. 3,00,000. On 1<sup>st</sup> April 2019, B extended a loan of Rs. 1,00,000 to the firm.

	A is given a minimum guaranteed amount of Rs. 40,000. Any deficiency arising out of this will be borne by C.  Prepare P&L A/c and P&L Appropriation A/c for the year ended 31 <sup>st</sup> March 2020.															
<b>PART B- ANALYSIS OF FINANCIAL STATEMENT</b>																
23.	In which activity will you include the payment of interest on loan by a manufacturing company while preparing the Cash Flow Statement? (a) Investing Activities (b) Operating Activities (c) Financing Activities (d) Cash and Cash Equivalent	1														
24.	Revenue from Operations Rs. 5,00,000, Gross Profit Ratio 25% on Sales, Operating Expenses Rs. 50,000, Operating Ratio will be _____  (a) 75% (b) 15% (c) 85% (c) 60%	1														
25.	Which of the following is not a part of Other Expenses? (a) Courier Expenses (b) Internet Expenses (c) Rent for Factory (d) Wages	1														
26.	S Ltd, a manufacturing company obtained a loan of Rs. 3,00,000, advanced loan of Rs. 50,000 and purchased machinery for Rs. 5,00,000. Calculate the amount of Cash flow from Investing Activities	1														
27.	Under which Main and Sub heading is Shares forfeited shown in the balance sheet of a company?	1														
28.	A transaction involving an increase in Current Ratio but no change in Working Capital:  (a) Purchase of goods on Credit (b) Cash Payment of Non – Current Liability (c) Payment to a Trade Creditor (d) Sale of Fixed Assets for Cash	1														
29.	The Debt to Equity ratio of a company is 1:2. State whether ‘Issue of bonus shares’ will increase, decrease or not change the Debt to Equity Ratio.	1														
30.	From the following calculate Return on Investment:  <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">Rs.</td> </tr> <tr> <td>Shareholders’ Funds</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>10% Long Term Borrowings</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>Long-term Provisions</td> <td style="text-align: right;">25,000</td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">70,000</td> </tr> <tr> <td>Tax rate @ 40%</td> <td></td> </tr> <tr> <td>Net Profit after Tax</td> <td style="text-align: right;">60,000</td> </tr> </table> <p style="text-align: center;">OR</p> <p>Calculate Total Assets to Debt Ratio and Debt Equity ratio from the following: Fixed Assets ₹50,00,000; Current Assets ₹20,00,000; Current Liabilities ₹15,00,000;</p>		Rs.	Shareholders’ Funds	50,000	10% Long Term Borrowings	2,00,000	Long-term Provisions	25,000	Current Liabilities	70,000	Tax rate @ 40%		Net Profit after Tax	60,000	3
	Rs.															
Shareholders’ Funds	50,000															
10% Long Term Borrowings	2,00,000															
Long-term Provisions	25,000															
Current Liabilities	70,000															
Tax rate @ 40%																
Net Profit after Tax	60,000															



12% Debitures ₹ 40,00,000.

31. Prepare a Comparative Statement of Profit/Loss from the following information:

4

Particulars	31.3.2020 (₹)	31.3.2019 (₹)
Revenue from Operation	6,00,000	4,00,000
Cost of Revenue from operation	2,40,000	1,60,000
Employee benefit expenses	30,000	20,000
Interest on Investment	40,000	60,000
Tax Rate	50%	50%

OR

Prepare Common size Balance Sheet statement for Sunshine Ltd.

Particulars	2019-20₹	2018-19₹
<b>I- EQUITY AND LIABILITIES</b>		
<b>Shareholders Funds</b>	8,00,000	4,00,000
<b>Non Current Liabilities</b>	5,00,000	2,00,000
<b>Current Liabilities</b>	3,00,000	2,00,000
<b>II-ASSETS</b>		
<b>Non-current Assets</b>	10,00,000	5,00,000
<b>Current Assets</b>	6,00,000	3,00,000

32. Prepare Cash Flow Statement for Lakshmi Ltd. whose Balance Sheet as at 31<sup>st</sup> March 2019 and 2020 are given below:

6

Particulars	Note No	31.3.2020	31.3.2019
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds:</b>			
(a) Share Capital		8,50,000	4,00,000
(b) Reserves & Surplus	1	1,80,000	2,10,000
<b>2. Non Current Liabilities:</b>			
Long term borrowings	2	6,00,000	4,00,000
<b>3. Current Liabilities</b>			
(a) Trade Payables		1,75,000	1,50,000
(b) Short term Provisions	3	70,000	1,20,000
		<u>18,75,000</u>	<u>12,80,000</u>
<b>ASSETS</b>			

<b>(1) Non Current Assets</b>			
(a) <b>Fixed assets</b>			
Tangible Assets		10,20,000	9,40,000
(b) Non Current Investments	4	3,50,000	-----
<b>(2) Current Assets</b>			
(a) Inventories		2,50,000	1,80,000
(b) Trade Receivables		1,70,000	80,000
(c) Cash and Cash Equivalents		85,000	80,000
		<u>18,75,000</u>	<u>12,80,000</u>

**Notes to Accounts:**

Particulars	31-3-2020	31-3-2019
<b>1. Reserves &amp; Surplus</b>		
Balance in Statement of profit/loss	<b>1,80,000</b>	<b>2,10,000</b>
<b>2. Long-Term Borrowings</b>		
9% Debentures	<b>6,00,000</b>	<b>4,00,000</b>
<b>3. Short – Term Provisions</b>		
Provision for Tax	<b>70,000</b>	<b>1,20,000</b>
<b>4. Non-Current Investment</b>	<b>3,50,000</b>	-----
12% Bonds		

**Additional Information:**

1. During the year, depreciation Rs. 80,000 has been provided on the machinery and a machine of book value Rs. 40,000 was sold for Rs. 20,000.
2. Proposed Dividend as on 31<sup>st</sup> March 2019 and 2020 are Rs. 50,000 and Rs. 60,000 respectively.