

Sample Paper, Term I, 2019-20
Class XII
Accountancy

Time Allowed: 3 Hours

Max. Marks: 80

General Instructions:

1. This question paper contains *two* Parts **A** and **B**.
 2. Write narrations and make format for journal entries..
 3. *All* parts of a question should be attempted at one place.
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PART A

**ACCOUNTING FOR NOT-FOR-PROFIT ORGANISATIONS AND
PARTNERSHIP FIRMS**

*Fill in the blanks with **appropriate** words:*

1. Subscriptions received by a club is a _____ receipt. (1)
2. At least _____ persons are necessary to form a partnership. (1)
3. At the time of admission of a partner, profit or loss on revaluation of assets and reassessment of liabilities is shared by the old partners in their _____ ratio. (1)
4. If at the time of retirement of a partner, goodwill exists in the books, it is written off among _____ partners in their _____ ratio. (1)
5. Unrecorded liability paid at the time of dissolution is debited to _____ Account. (1)

*State whether the following statements are **True** or **False**:*

6. Loan by Partners have to be paid at the time of dissolution of partnership firm before repayment of capital. (1)
7. Decrease in assets at the time of retirement of a partner is debited to Revaluation account. (1)
8. Debtors of Rs.50,000 are realized at 2% loss, amount realized is Rs.49,000. (1)
9. Goodwill is an intangible asset and not a fictitious asset. (1)
10. Interest on Loan by Partner is allowed @ 10% p.a. if partnership deed is silent about the rate. (1)
11. *Select the **correct choice** to answer the following questions:* When a new partner is admitted, he is entitled to share of
(a) past profits. (b) present profits.

- (c) future profits. (d) reserve appearing in the balance sheet of the firm. (1)
12. Gaining ratio is calculated at the time of (a) retirement of a partner only.
 (b) death of a partner only.
 (c) admission of a partner only.
 (d) change in profit-sharing ratio/retirement/death of a partner. (1)

13. Partner's Loan account is a

- (a) Personal Account (b) Real Account
 (c) Nominal Account (d) Expense Account (1)

14. A, B and C are partners as 4:5:3. C retires and existing partner's new ratio is 7:8. Sacrificing ratio will be

- (a) 8:7 (b) 4:5 (c) 1:1 (d) 2:1 (1)

15. Show how will be the following items dealt while preparing final accounts of Queen's Club for the year ending 31st March, 2019:

Expenditure on construction of Building ` 3,60,000. The construction work is in progress and has not yet completed.

Opening Capital Fund	:	` 10,80,000	
Opening Building Fund	:	` 4,80,000	
Donation received for Building	:	` 6,00,000	
Opening 10% Building Fund Investments	:	` 4,80,000	
Interest received on Building Fund Investments :		` 48,000	(3)

16. A, B, and C were partners sharing profits and losses in the ratio of 4 : 3 : 2 respectively. B retired when the capitals of A, B and C before the adjustments were ` 2,19,500, ` 1,14,000 and ` 1,16,500 respectively. On the date of retirement, firm's goodwill was valued at ` 2,16,000 and Loss on Revaluation of Assets and Reassessment of Liabilities was ` 27,000, General Reserve ` 63,000 and the Cash and Bank Balance on that date was ` 1,86,000. B was to be paid through amount brought by A and C in a manner that their capitals become proportionate to their new profit-sharing ratio of 5 : 3. Calculate the amount to be paid or to be brought by the continuing partners if minimum Cash and Bank Balance of ` 1,00,000 was to be maintained. All transactions are through Bank. Pass the necessary Journal entries. (3)

17. Show the following information in financial statements of a N.P.O:- (4)
 Tournament expenses Rs.8,50,000; Tournament fund Rs.5,00,000;
 Donation for Tournament fund Rs.3,40,000; Sale of tournament tickets Rs. 1,80,000

18. X and Y were partners as 3:1. They decided that with effect from 1st April, 2019, they would share profits and losses in the ratio of 3:2. The partnership deed provided that in event of any change in ratio, the goodwill should be valued at the total of three years' profits preceding the date the decision became effective. The profits for 2016-17, 2017-18 and 2018-19 were Rs.80,000, Rs.70,000 and Rs.90,000 respectively. Pass the necessary journal entry to give effect to the above arrangement assuming that partners capitals are fixed.

Or

On 1st April, 2018 an existing firm had assets of Rs.4,00,000 including cash of Rs.4,000. Its creditors amounted to Rs.2,10,000 on that date. The partners' capital accounts showed a balance of Rs.1,60,000 while the reserves fund amounted to Rs.30,000. If the normal rate of return is 15% and the goodwill of the firm is valued at Rs.63,000 at 3 year's purchase of super profits, find the average profits of the firm

(4)

19. (a) Kumar and Raja are partners in a firm sharing profits in the ratio of 7 : 3. Their fixed capitals were: Kumar ` 9,00,000 and Raja ` 4,00,000. The Partnership Deed provided following:

- (i) Interest on Capital @ 9% per annum.
- (ii) Kumar's salary ` 50,000 per year and Raja's salary ` 3,000 per month.

But the profit for the year was distributed without providing for the above.

Profit for the year ended 31st March, 2019 was ` 2,78,000. Pass adjustment entry.

(b) Give any one distinction between sacrificing ratio and gaining ratio. (3 + 1)

20. X and Y were partners in a firm, sharing profits in the ratio of 2 : 3. On 31st March, 2019, their Balance Sheet was as follows:

Liabilities			Assets	
Creditors		1,05,000	Bank	1,55,000
Workmen Compensation Reserve		1,00,000	Stock	1,00,000
Capital A/cs:			Furniture	1,00,000
X	2,00,000		Computers	50,000
Y	3,00,000	5,00,000	Land and Building	3,00,000
		<u>7,05,000</u>		<u>7,05,000</u>

The partners decided to dissolve the firm on 1st April, 2019. The assets and liabilities were settled as follows:

- (i) X agreed to take Land and Building at ` 3,50,000 against payment.
- (ii) Stock was sold for ` 90,000.
- (iii) Creditors accepted furniture and computers in full settlement of their claims.

Pass necessary Journal entries for dissolution of the firm.

Or

Ram and Shyam are partners in a firm sharing profits in the ratio of 2 : 3. They decided to dissolve the firm. On 31st March, 2019, their Balance Sheet was as follows:

BALANCE SHEET as on 31st March, 2019

Liabilities			Assets	
Creditors		65,000	Land	1,20,000
Bills Payable		35,000	Machinery	65,000
Capital A/cs:			Goodwill	10,000
Ram	75,000		Stock	25,000
Shyam	75,000	1,50,000	Debtors	20,000
			Bank	10,000

	2,50,000		2,50,000

Ram paid creditors the amount due less 15% and Shyam paid bills payable in full. Assets realised as follows: Land ` 96,000; Machinery ` 35,000; Stock 25% less and Debtors ` 12,500. Expenses on realisation ` 1,750 were paid by Shyam.

Prepare Realisation Account, Partners' Capital Accounts and Bank Account. (6)

21. Following is the Receipts and Payments Account of Literacy Club for the year ended 31st March, 2019:

Dr. RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2019 Cr.			
Receipts		Payments	
To Balance <i>b/f</i>	20,000	By Building	1,08,000
To Donation	1,00,000	By Match Expenses	900
To Life Membership Fees	8,000	By Furniture	5,100
To Receipts from Matches	16,000	By 10% Investments	32,000
To Subscriptions	10,400	By Salaries: Y/E 31st March, 2018	4,000
To Lockers' Rent	800	Y/E 31st March, 2019	10,000
To Interest on Investments	480	By Insurance	700
To Sale of Furniture (Book Value ` 1,600)	2,000	By Sundry Expenses	1,940
To Entrance Fees	6,000	By Balance <i>c/f</i>	1,040
	1,63,680		1,63,680

Additional Information:

- (i) Subscriptions outstanding on 31st March, 2018 were ` 200 and on 31st March, 2019 were ` 1,380.
- (ii) Outstanding salaries for the year ended 31st March, 2019 were ` 800 and outstanding sundry expenses were ` 600.
- (iii) Donation includes ` 20,000 for general donations and balance for building.
- (iv) 10% Investments were purchased on 1st July, 2018.

Prepare Income and Expenditure Account of the Club for the year ended 31st March, 2019. (6)

22. A, B and C are partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1.

Their Balance Sheet as at 31st March, 2019 is as under:

Liabilities			Assets		
Creditors	30,000		Cash in Hand		18,000
Bills Payable	16,000		Debtors	25,000	
General Reserve	12,000		Less: Provision for Doubtful Debts	3,000	22,000
Capital A/cs:			Stock		18,000
A	40,000		Furniture		30,000
B	40,000		Machinery		68,000
C	30,000	1,10,000	Goodwill		12,000
		1,68,000			1,68,000

B retired on 1st April, 2019 on the following terms:

- (i) Provision for Doubtful Debts will be raised by ` 1,000.
- (ii) Stock will be reduced by 10% and Furniture by 5%.
- (iii) There is an outstanding claim for damages of ` 1,100 and it is to be provided in the books.
- (iv) Creditors will be written back by ` 6,000.
- (v) Machinery be reduced by 5%.
- (vi) Out of the fire insurance premium paid during the year, ` 3,400 be carried forward as prepaid.
- (vii) Goodwill of the firm is valued at ` 24,000.
- (viii) *B* is paid his dues with the amount brought in by *A* and *C* in a manner that their capitals are in proportion to their new profit-sharing ratio of 3 : 2.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the New Firm.
An adjustment for goodwill is made at the time of retirement of *B*.

Or

A and *B* are partners in a firm sharing profits in the ratio of 3 : 2. Their Balance Sheet as at 31st March, 2019 stood as under:

Liabilities			Assets	
Capital A/cs:			Machinery	33,000
<i>A</i>	35,000		Furniture	15,000
<i>B</i>	30,000	65,000	Investments	20,000
General Reserve		10,000	Stock	23,000
Bank Loan		9,000	Debtors	19,000
Creditors		36,000	<i>Less</i> : Provision for Doubtful Debts	2,000
			Cash	12,000
		1,20,000		1,20,000

On 1st April, 2019, they admitted *C* into partnership for 1/4th share in the profits on the following terms:

- (i) *C* brings capital proportionate to his share. He brings ` 7,000 in cash as his share of goodwill.
- (ii) All debtors are good.
- (iii) Depreciate stock by 5% and furniture by 10%.
- (iv) An outstanding bill for repairs ` 1,000 will be brought in the books.
- (v) Half of the investments were to be taken over by *A* and *B* in their profit-sharing ratio at book value.
- (vi) Bank loan is paid off.
- (vii) Partners agreed to share future profits in the ratio of 3 : 3 : 2.
- (viii) *A* and *B* decided to allow a salary of ` 50,000 per annum for the extra efforts and time devoted by him to the business.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet after admission of *C* into the partnership. (8)

23. The following is the receipt & payment account of Lions club for the year ended 31st March, 2018:

RECEIPT AND PAYMENT ACCOUNT

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,62,000	By salaries	1,66,000
To subscription	1,80,000	By stationery	20,000
To Tournament Fund	1,64,000	By rent	48,000
To interest on investment	65,000	By Telephone expenses	8,000
To Donations	1,00,000	By Sports Material	78,000
To sale of concert Tickets	2,47,000	By 6% Investments	5,00,000
		By miscellaneous expenses	24,000
		By Concert Expenses	58,000
		By balance c/d	16,000
	9,18,000		9,18,000

The following information is provided:

- Subscription includes Rs.10,000 for 2016-17 and Rs18,000 for 2018-19.
 - Stock of stationery on 31st March, 2017 and 2018 was Rs.4,000 and Rs.6,200 respectively.
 - Stock of sports material at the beginning and end of the year were Rs.18,000 and Rs.31,000 respectively.
 - Rent includes Rs.4,000 paid for March, 2017. Rent for March, 2018 is outstanding.
 - Telephone expenses include Rs.1,800 as quarterly rent up to 31st May,2018.
 - The value of building as on 31st March, 2017 was Rs.5,00,000 and you are required to write off depreciation @ 5%.
 - The value of investments on 31st March, 2017 was Rs.10,00,000 and the club made similar additional investment during the year on 1st October, 2017.
- Prepare Income & Expenditure Account for the year ended 31st March, 2018 and Balance Sheet on that date.

Or

The following particulars relate to Galaxy club for the year ended 31st March, 2016:

RECEIPT AND PAYMENT ACCOUNT

Receipt	Rs.	Payments	Rs.
To Balance b/d	1,00,000	By salaries	1,30,500
To Subscription:		By stationery	40,000
2014-15 2,400		By rates & taxes	36,000
2015-16 1,26,600		By telephone expenses	6,000
<u>2016-17 4,800</u>	1,33,800	By investments	75,000
To profit from canteen	90,000	By postage	10,500
To sundry income	2,500	By sundry expenses	28,000
To sale of newspapers	13,200	By balance c/d	50,000
To dividends	48,500		1,72,000
To donations	1,00,000		
To entrance fee	<u>60,000</u>		
	5,48,000		<u>5,48,000</u>
To Balance b/d	1,00,000	By salaries	1,30,500
To Subscription:		By stationery	40,000
2014-15 2,400		By rates & taxes	36,000
2015-16 1,26,600		By telephone expenses	6,000
<u>2016-17 4,800</u>	1,33,800	By investments	75,000
To profit from canteen	90,000	By postage	10,500
To sundry income	2,500	By sundry expenses	28,000
To sale of newspapers	13,200	By balance c/d	50,000

To dividends	48,500		1,72,000
To donations	1,00,000		
To entrance fee	<u>60,000</u>		
	5,48,000		<u>5,48,000</u>

You are required to prepare an Income & Expenditure Account and a Balance sheet after making the following adjustments:-

- (i) There are 500 members each paying annual subscription of Rs.300; Rs.5,000 being in arrears for 2014-15 at the beginning of this year.
- (ii) A donation of Rs.20,000 was wrongly included in subscription of the current year.
- (iii) Entire donation and $\frac{1}{2}$ of entrance fees are to be capitalized.
- (iv) Stock of stationery on 31st March, 2015 was Rs.3,000 and on 31st March 2016 Rs.5,400.
- (v) Cost of Building is Rs.6,00,000. Depreciate it at 5%.

Prepare Income & Expenditure account and a Balance Sheet on 31.3.2016 (8)

PART B

ANALYSIS OF FINANCIAL STATEMENTS

Fill in the blanks with **appropriate** words:

24. Cash Flows are inflows and outflows of Cash and _____ . (1)
25. The principle revenue producing activities of the enterprise are known as _____ activities. (1)

State whether the following statements are **True** or **False**:

26. Ratio analysis ignores qualitative factors. (1)
27. Vertical analysis is conducted for two or more accounting periods. (1)

Select the **correct choice** to answer the following questions:

28. Comparison of values of one period with those of another period for the same firm is (a) Intra-firm comparison. (b) Inter-firm comparison.
(c) Pattern comparison. (d) Trend comparison. (1)
29. While preparing Common-size Balance Sheet, each item of Balance Sheet is expressed as % of
(a) Non-currentAssets. (b) CurrentAssets.
(c) Non-currentLiabilities. (d) Total Assets. (1)
30. (a) Calculate values of Opening and Closing Inventories from the following information:
Revenue from Operations: ` 6,00,000; Gross Profit Ratio = 25%. Inventory Turnover Ratio = 5 Times. Closing Inventory is ` 12,000 more than the Opening Inventory.
(b) Net profit after interest and tax ` 1,00,000; Current Assets ` 4,00,000; Current Liabilities ` 2,00,000; Tax Rate 20%; Fixed Assets ` 6,00,000; 10% Long-term debt ` 4,00,000.
Calculate Return on Investment. (4)
(b) Prepare Common-size Balance Sheet from the following information:

31st March, 31st March,

	2019 (₹)	2018 (₹)
Shareholders' Funds	9,00,000	6,00,000
Non-current Liabilities	3,00,000	3,00,000
Current Liabilities	3,00,000	1,00,000
Non-current Assets	10,50,000	7,00,000
Current Assets	4,50,000	3,00,000

Or

(a) State *any two* tools of Financial Analysis.

31. (a) Which item is assumed as 100% in case of Common size statement of P&L?

(b) From the following Statement of Profit and Loss of the Sakhi Ltd. for the year ended 31st March, 2019, prepare Comparative Statement of Profit and Loss:

STATEMENT OF PROFIT AND
LOSS *for the year ended 31st March,*
2019

Particulars	31st March, 2018 (₹)	31st March, 2019 (₹)
I. Revenue from Operations	25,00,000	40,00,000
II. Expenses:		
Employee Benefit Expenses (5% of Revenue from Operations)
Other Expenses	5,90,000	6,80,000
III. Rate of Tax 35%
		(1 + 3)

32. (a) From the following information, calculate Cash Flow from Investing Activities:

Particulars	Closing (₹)	Opening (₹)
Machinery (At cost)	4,20,000	4,00,000
Accumulated Depreciation	1,10,000	1,00,000
Patents	1,60,000	2,80,000

Additional Information:

- (i) During the year, a machine costing ₹ 40,000 with its accumulated depreciation of ₹ 24,000 was sold at a profit of 25% of book value.
- (ii) Patents were written off to the extent of ₹ 40,000 and some patents were sold at a profit of ₹ 20,000.

(b) From the following information, calculate Cash Flow from Financing Activities:

Particulars	31st March, 2019 (₹)	31st March, 2018 (₹)
Equity Share Capital	15,00,000	10,00,000
10% Debentures	...	1,00,000
8% Debentures	2,00,000	...

Additional Information:

- (i) Interest paid on Debentures ` 10,000.
- (ii) Dividend paid ` 50,000.
- (iii) During the year 2018–19, company issued bonus shares in the ratio of 2 : 1 by capitalising reserve.
(3 + 3)