ATUL VIDYALAYA
FIRSTPRELIMINARY EXAMINATION 2012-13 A
ACCOUNTS

STD: XII **MM: 100**
DATE: 24/09/2012 **TIME: 3 hrs**
SESSION: I

(Candidates are allowed additional 15 minutes for only reading the paper. They must NOT start writing during this time)

Answer* Question I *(compulsory) and* Question 2 *(compulsory) from Part I and any other* five *questions from part II.
The intended marks for questions or parts of questions are given in brackets [ ].
Transactions should be recorded in the answer book.
All calculations should be shown clearly.
All working, including rough work, should be done on the same sheet as, and adjacent to, the rest of the answer.

PART I (30 Marks)

*Answer **all** questions*

Question 1 **[10X2]**

Answer each of the following questions briefly:

i. Why is it that the Capital account of a partner does not show a debit balance, in spite of regular and consistent losses year after year?
ii. What is sectional balancing system?
iii. What is meant by minimum subscription in context of issue of shares by a company?
iv. Write down two limitations of ratio analysis.
v. Why is general reserve distributed amongst the old partners before a new partner is admitted?
vi. What particulars are given regarding sundry debtors in the balance sheet of a company?
vii. Explain any two ways of amortizing the amount on issue of debentures.
iix. Why is 'securities premium on issue of shares/debentures' treated as capital profit in joint stock company?
ix. What is a 'fictitious asset'? Give one example.
x. A Mutual Fund company receives a dividend of Rs.25 lakhs on its investments in other company's shares. Why is it a Cash inflow from Operating Activities for this company?

Question 2 **[10]**

From the following particulars write up the necessary Adjustment Account as would appear in the General ledger: Debtors balance in the General Ledger Adjustment Account (Cr.) Rs 60,500 and Creditors balance in the General Ledger Adjustment Account(Dr.) :Rs.38,500.

Particulars	Rs.	Particulars	Rs.
Credit Sales	40,300	Returns inwards	1225
Cash Sales	12,800	Returns outwards	875
Cash Purchases	16,390	Bills accepted	3200
Credit Purchases	26,400	Bills receivable	4800
Payment to Creditors	32,500	B/R dishonored	200
Receipts from Debtors	48,200	Interest charged for dishonor	15
Discount allowed	375		
Discount received	450		
Bad debts	375		
Bad debts recovered	100		

PART II (70 Marks)

*Answer **any five** questions.*

Question 3 **[14]**

The trainee accountant of Mayur& Co., has drafted the following balance sheet:

Balance Sheet for the year ended 31st December,2011

Land & Building	1,09,000	Capital-18000 equity shares of Rs.10 each fully called up	1,80,000
Fixed deposit accepted	15,000		
Furniture	30,000		
Goodwill	10,000	General reserve	40,000
Stock	24,000	Preliminary expenses	12,000
Creditors	9,000	10% Debentures	35,000
Machinery	25,000	Provision for taxation	22,000
Cash	38,000	Discount on issue of shares	10,000
Bills payable	7,000	Profit & Loss A/c[cr]	8,000
Bank	72,000	Investment in Zee Ltd.	15,000
Capital reserve	12,000	Bills receivable	7,000
Calls in arrear	2,000	Proposed dividends	14,000
Share premium	10,000	Debtors	9,000
Unclaimed dividends	11,000	Authorized capital-20000 Equity shares of Rs.10 each	
		Share forfeiture	500
	3,63,500		3,63,500

You are required to redraft the above balance sheet as per schedule VI-Part I of Companies Act, 1956.

Question 4 **[14]**

Sure and Fast entered into a Joint Venture to consign 1000 sugar bags to their agent Sloe. They are to share profits and losses 2/5ths and 3/5ths respectively. Sure consigned 400 bags at Rs.650 per bag, paying Rs.2500 for freights, Rs 400 for insurance and Rs.200 for other expenses. Fast consigned 600bags at Rs.660 per bag and paid Rs.2800 for freight and Rs. 500 for other expenses. Sure advanced to Fast Rs.1,00,000 on account of the venture .All the bags were sold by Sloe @ Rs.700 per bag out of which he deducted Rs.2.50 per bag for expenses and Rs.3.5 per bag for his commission. Sloe remitted Rs.95,000 to Fast and the balance to Sure by Bank Draft. Sure accepted a bill for the balance due for the settlement of the Venture Accounts.

Prepare: (i) Joint Venture A/c ,(ii) Fast A/c (iii) Sloe A/c in the books of Sure.

Question 5 **[14]**

Pawan and Hanuman started a firm on 1st April 2011.Pawan contributes Rs.4,00,000 as Capital and Hanuman contributes Rs.2,00,000.It is agreed between the two that interest is to be allowed on capital at 9 % p.a and is to be charged on drawings @ 12 % p.a.Hanuman works whole time for the firm and is,therefore,allowed a salary of Rs.50,000 per annum.During the first year, the firm made a profit of Rs.2,03,180 before taking into account the above factors. During the year ended 31-03-2012 Pawan's drawings were Rs.1000 per month drawn at the end of every month and Hanuman's drawings were Rs. 2000 per month drawn in the beginning of the every month.

Prepare Profit and Loss Appropriation Account and Partners Capital Account, if capital is fixed.

Question 6 **[14]**

X and Y are equal partners in a firm. They decided to admit Z as a new partner and to readjust the Balance Sheet values for this purpose. The Balance Sheet of X and Y on 31st March,2010 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	10,000	Cash at Bank	6000
Bills Payable	10,000	Debtors	12,000
Capital:		Stock	10,000
X:	17,000	Furniture	4000
Y:	15,000	Machinery	20,000
	52,000		52,000

The following adjustments were to be made on Z's admission:

i. Rs.300 was to be provided for doubtful debts.
ii. Furniture to be valued at Rs.3500.
iii. Investment worth Rs.2500 not in the balance sheet was to be taken into account.
iv. Z brings Rs.12,000 as capital and Rs.10,000 for 1/4th share of goodwill which he acquires equally from X and Y.
v. A liability to the extent of Rs.500 is to be created in respect of a claim for damages against the firm.

Prepare Revaluation Account, Partner's Capital Account and the Balance Sheet of the new firm after the admission of Z. Also calculate the new profit sharing ratio and state the gaining ratio

Question 7 **[14]**

From the following particulars, prepare Cash Flow Statement as per Accounting Standard -3 (no other version will be considered for evaluation):

Particulars	2010(Rs.)	2011(Rs.)
Cash	30,000	21,000
Debtors	90,000	1,50,000
Stock	1,05,000	75,000
Machinery	2,40,000	1,65,000
Land	1,20,000	1,50,000
Building	1,05,000	1,80,000
	6,90,000	7,41,000
Creditors	1,20,000	1,32,000
Loan from friend	75,000	-
Loan from Bank	1,20,000	1,50,000
Capital	3,75,000	4,59,000
	6,90,000	7,41,000

During the year a machine costing Rs.30,000 (accumulated depreciation Rs.9000) was sold for Rs.15,000.The provision for depreciation against machinery as on 31.12.2010 and

31.12.2011 was Rs.75,000 and Rs.1,20,000 respectively. Total amount of interest paid during the year Rs.12, 000.Net profit for the year 2011 amounted to Rs.1,35,000.

Question 8 **[14]**

A, B, C were partners in a firm sharing profits in the ratio 2:1:1 respectively. Their balance sheet was as follows on 31st March,2011:

Liabilities		Rs.	Assets		Rs.
Sundry Creditors		30,000	Machinery		35,000
Mrs.B's Loan		5000	Furniture & Fittings		5000
Capital:		45,000	Stock		10,000
A:	18,000		Debtors:	20,000	
B:	15,000		Less: Provision	(500)	19,500
C:	12,000		Investments		6000
			Patents		4000
			Cash		500
		80,000			80,000

The firm was dissolved on the above date. The assets realized as follows:

Machinery Rs.23,000 ,Furniture & Fittings(partly) Rs.2000,Stock Rs.7000,Debtors Rs.18,000 and Patents Rs.2000.Some pieces of furniture were taken over by C for Rs.1500.Investments were taken over by A for Rs.6500 and B agreed to take over the liability in respect of loan due to his wife. Sundry Creditors were paid 2 per cent less for cash discount. Expenses of realization came to Rs.300.Pass the journal entries closing the books of the firm and show necessary accounts.

Question 9 **[14]**

The Balance Sheets of Shilpi Limited at the end of 2007 and 2008 are given below:

Balance Sheet

Liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Paid up Capital	1,00,00	1,00,000	Land and Building	70,000	70,000
Reserves	0	60,000	Plant and Machinery	1,20,000	1,50,00
10% Debentures	50,000	70,000	Furniture	10,000	0
Long Term Loans	60,000	40,000	Inventory	50,000	15,000
Bank Loans	30,000	25,000	Debtors	20,000	55,000
Creditors	25,000	25,000	Bills Receivable	10,000	35,000
Bills Payable	20,000	10,000	Cash in Hand	10,000	10,000
Bank Overdraft	5000	10,000			5000
	-	3,40,000		2,90,000	
	2,90,00				3,40,00
	0				0

During the year 2007-08, Sales and Gross Profit were Rs.8,00,000 and Rs.2,00,000 respectively. All purchases and sales are made on credit.

On the basis of above information, calculate the following ratios for the year 2007-08:

(i)Current ratio (ii) Liquid ratio (iii) Stock Turnover Ratio

(iv) Average Collection Period (v) Debt Equity Ratio (vi) Gross Profit Ratio
(vii)Total Assets to Debt Ratio

Question 10 **[14]**

Girdhar Ltd issued 40,000 shares of Rs.10 each at a premium of Rs.2 per share. The shares were payable:

Rs.2 on application,

Rs.5 including premium on allotment, and

Rs.5 on First and Final call.

All shares were applied for and allotted. All moneys were received with the exception of First and Final call on 1000 shares, which was forfeited.400 of these shares were re-issued as fully paid @ Rs.8 per share.

Pass journal entries in the books of Girdhar Ltd.