ATUL VIDYALAYA
SECOND PRELIMINARY EXAMINATION 2012-13
ACCOUNTS

STD: XII **MM: 100**
DATE: 00/00/2012 **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 **[10 × 2]**

Answer each of the following questions briefly:

(i) Mention two differences between Premium on Issue of Debentures and Premium on Redemption of Debentures.

(ii) State any two advantages of the Self Balancing System.

(iii) What is the basis of accounting that is followed when preparing a cash flow statement?

(iv) Why is a profit and loss appropriation account necessary in a partnership firm?

(v) Why is there a need for revaluation of assets and liabilities of a firm if there is a change in profit-sharing ratio of partners?

(vi) Explain ‘pro-rata allotment of shares’ by means of a suitable example.

(vii) State two differences between ‘current assets’ and ‘current liabilities’.

(iix) Mention two uses of ratio analysis.

(ix) What are quoted investments?

(x) Mention any two differences between Revaluation Account and Realisation Account.

Question 2 **[10]**

Jay was allotted 100 equity shares of Rs.100 each by Anoop Ltd. originally issued at a discount of 6% per share. He failed to pay the final call at Rs.35. These shares were forfeited and out of these, 50 shares were re-issued to Murali at Rs.90 each as fully paid up. Journalise the transactions in respect of forfeiture and re-issue of shares only.

PART II (70 Marks)

*Answer **any five** questions.*

Question 3 **[14]**

A, B and C are partners sharing profits and losses in the ratio of 3: 2: 1. On 31.3.10, B decides to retire and their capital accounts on that date are A – Rs. 60,000; B – Rs. 45,000 and C – Rs. 50,000. Their current accounts on that date are A – Rs. 5,000 (Cr); B – Rs. 2,300 (Dr) and C – Rs. 3,000 (Cr).

The partnership deed provided that, in case of retirement, the retiring partner should be entitled to a share of the goodwill of the firm to be calculated on the average of the profits of last three years’ ending on 31.3.2010 which comes to Rs. 12,000 and that the payment of the total interest of the retiring partner will be made by annual installments of Rs.10,000 each. The retiring partner will be entitled to interest also at 6% on the unpaid balance. The first installment was paid on 31.3.2010. Show B’s loan account until the whole payment due to him is made.

Question 4 **[14]**

Trading and Profit and Loss Account of Bright Star Ltd. for the year ended 31st March 2010.

Particulars	Rs.	Particulars	Rs.
To opening stock	15,250	By sales	1,00,100
To purchases	63,050	By closing stock	19,600
To carriage	400		
To wages	1,000		
To Profit and Loss A/c	40,000		
	1,19,700		1,19,700
To Administrative expenses	20,200	By Trading A/c	40,000
To salaries	2,400	By non operating income	1,
To financial expenses	1,400		200
To Non-operating expenses	400		
To Balance c/d	16,800		
	41,200		41,200

Balance Sheet of Bright Star Ltd. as at 31st March, 2010.

Liabilities	Rs	Asset	Rs.
Share capital	70,000	Fixed assets	60,100
Reserves	1,200	Stock	19,000
Profit and Loss A/c	16,800	Debtors	9,000
Creditors	3,700	Bank	3,600
	91,700		91,700

From the above, calculate the follow ratios:

(i) Gross Profit ratio

(ii) Net Profit ratio

(iii) Stock turnover ratio.

(iv) Proprietary ratio

(v) Current ratio

(vi) Quick ratio.

(vii) Working capital turnover ratio.

Question 5 **[14]**

Show by means of journal entries, how would you record the following issues in the books of Charles Ltd. Also show how would they appear in their respective Balance Sheets:-

(i) A debenture issued at Rs.95 repayable at Rs.100.

(ii) A debenture issued at Rs.95 repayable at Rs.105.

[NOTE: Face value of each debenture is Rs.100]

Question 6 **[14]**

The following are the Balance Sheets of Wiseman Ltd. as on 31st December 2010 and 2011-

Liabilities	2010	2011	Assets	2010	2011
Share capital	5,10,000	5,50,000	Goodwill	25,000	20,000
Loan	2,50,000	1,50,000	Building	2,10,000	3,30,000
General reserve	1,00,000	1,00,000	Machinery	3,00,000	4,00,000
Profit and Loss A/c	55,000	95,000	Stock	1,25,000	1,05,000
Provision for taxation	20,000	55,000	Debtors	1,50,000	1,20,000
Creditors	25,000	20,000	Cash	1,50,000	12,000
Bills payable	10,000	15,000	Preliminary expenses	15,000	10,000
Provision for doubtful debts.	5,000	12,000			
	9, 75,000	9, 97,000		9,75,000	9,97,000

Additional information:-

(i) During the year, a part of the machinery costing Rs.2,500 was sold for Rs.1,500.

(ii) Dividend of Rs.50,000 was paid during the year.

(iii) Income tax of Rs.25,000 was paid during the year.

(iv) Depreciation provided during the year on Building Rs.5,000 and Machinery Rs.25,000.

From the above, you are required to prepare a cash flow statement as per Accounting Standard - 3.

Question 7 **[14]**

The following is the trial balance of Martin Ltd. as on 31st March 2010:-

Debits	Rs.	Credits	Rs.
Opening stock	75,000	Purchase returns	10,000
Purchases	2, 45,000	Sales	3, 40,000
Wages	30,000	Discount	3,000
Carriage	950	Profit and Loss A/c	15,000
Furniture	17,000	Share capital	1, 00,000
Salaries	7,500	Creditors	17,500
Rent	4,000	General reserve	15,500
Trade expenses	7,050	Bills payable	7,000
Dividend paid	9,000		
Debtors	27,500		
Plant and Machinery	29,000		
Cash at Bank	46,200		
Patents	4,800		
Bills receivable	5,000		
	5, 08,000		5, 08,000

Additional information:

(i) Stock as on 31.3.2010 – Rs.88,000

(ii) Depreciate plant and machinery at 15%, furniture at 10% and patents at 5%

(iii) The Board recommends payment of a dividend @ 15% p.a.

From the above information, you are required to prepare the Profit and Loss account for the year ended 31.3.2010 and a Balance Sheet as on that date.

Question 8 **[14]**

Robert and Smith were partners sharing profits and losses in the ratio of 3: 2.

On the date of dissolution, their capitals were:

Robert – Rs.7,650 and Smith – Rs.4,300

The Creditors amounted to Rs.27,500. The balance of cash was Rs.760. The assets realised Rs.25,430. The expenses on dissolution were Rs.1,540. All the partners are solvent.

Close the books of the firm showing the realisation, capital and cash accounts.

Question 9 **[14]**

Johnson Ltd. kept bought and sales ledger on self-balancing principles. From the following particulars, prepare the necessary adjustment accounts for the year 2011 in the two ledgers:-

Sundry Debtors (1.1.2011)	12,400
Sundry Creditors (1.1.2011)	5,000
Credit purchases	20,600
Credit sales	26,800
Cash received from debtors	15,600
Returns inward	600
Acceptances given	8,000
Returns outward	500
Debtor's acceptances dishonored	1,000
Discount allowed	200
Bad debts written off	400

Question 10 **[14]**

S, T and W having agreed to share profits and losses equally, entered into a joint venture to construct a building at a price of Rs.10,00,000. A joint bank account was thus opened where S paid Rs.4,00,000, T – Rs.2,00,000 and W – Rs.3,00,000.

Expenses incurred on behalf of the joint venture were as follows:

Materials – Rs.2,00,000; wages Rs.1,50,000 and expenses Rs.1,25,000.

Materials supplied by S from his stock amounted to Rs.1,25,000.

Finally, the venture was closed by T taking the closing stock at a valuation of Rs.1,00,000.

From the above, you are required to prepare the joint venture account, co-ventures' accounts and the joint bank account.