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NAMAKKAL DISTRICT

SECOND MID TERM TEST, NOVEMBER - 2019
STANDARD - XII

Time : 1.30 hrs

ACCOUNTANCY

Marks: 50

Section - I

Note:- Answer all the questions. Choose the most suitable answer from the given three alternatives and write the option code and the corresponding answer.

I. Choose the correct Answers:-

10×1=10

- 1) That part of share capital which can be called up only on the winding up of a company is called
 - a) Authorised capital
 - b) Called up capital
 - c) Capital reserve
 - d) Reserve capital
- 2) After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to
 - a) General reserve account
 - b) Capital reserve account
 - c) Securities premium account
 - d) Surplus account
- 3) When shares are issued for purchase of assets, the amount should be credited to
 - a) Vendor's A/c
 - b) Sundry assets A/c
 - c) Share capital A/c
 - d) Bank A/c
- 4) Match the pair and identify the correct option

1) Under subscription	-	i) Amount prepaid for calls
2) Over subscription	-	ii) Subscription above the offered shares
3) Calls in arrear	-	iii) Subscription below the offered shares
4) Calls in advance	-	iv) Amount unpaid on calls

 - a) 1-i, 2-ii, 3-iii, 4-iv
 - b) 1-iv, 2-iii, 3-ii, 4-i
 - c) 1-iii, 2-ii, 3-iv, 4-i
 - d) 1-iii, 2-iv, 3-i, 4-ii
- 5) Supreme Ltd., forfeited 100 shares of Rs 10 each for non-payment of final call of Rs.2 per share. All these shares were re-issued at Rs.9 per share. What amount will be transferred to capital reserve account?
 - a) Rs.700
 - b) Rs. 800
 - c) Rs. 900
 - d) Rs.1000
- 6) Balance sheet provides information about the financial position of a business concern
 - a) Over a period of time
 - b) As on a particular date
 - c) For a period of time
 - d) For the accounting period
- 7) The financial statements do not exhibit
 - a) Non-monetary data
 - b) Past data
 - c) Short term data
 - d) Long term data

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- 8) The term 'fund' refers to
 a) Current liabilities b) Working capital
 c) Fixed assets d) Non-current assets
- 9) A limited company's sales has increased from Rs.1,25,000 to Rs.1,50,000. How does this appear in comparative income statement?
 a) +20% b) +120% c) -120% d) -20%
- 10) In a common-size balance sheet, if the percentage of non-current assets is 75, what would be the percentage of current assets?
 a) 175 b) 125 c) 25 d) 100

Section - II

Note: Answer any four questions in which question No.15 is compulsory: 4×2=8

- 11) Why are the shares forfeited?
- 12) List the tools of financial statement analysis.
- 13) Paradise Ltd. Purchase assets of Rs.4,40,000 from Suguna Furniture Ltd. It issued equity shares of Rs.10 each fully paid in satisfaction of their claim. What entries will be made if such shares is issued at premium of 10%.
- 14) Anitha was holding 500 equity shares of Rs.10 each of Thanjavur Motors Ltd., issued at par. She paid Rs.3 on application, Rs.5 on allotment but could not pay the first and final call of Rs.2. The directors forfeited the shares for nonpayment of call money. Give journal entry for forfeiture of shares.
- 15) From the following particulars of Kumar Ltd. prepare a common-size income statement for the year ended 31st March 2018.

Particulars	2017-2018 (Rs.)
Revenue from operations	5,00,000
Other income	20,000
Expenses	3,00,000

Section - III

Note: Answer any four questions in which question No.20 is compulsory:- 4×3=12

- 16) State the differences between preferences shares and equity shares. (any 3)
- 17) Briefly explain any three limitations of financial statements.
- 18) Gemini Ltd, Forfeited 20 equity shares of Rs.10 each, Rs.7 called up, on which Mahesh had paid application and allotment money of Rs.5 per share. Of these 15 shares were reissued to Naresh by receiving Rs.6 per share paid up as Rs.7 per share. Pass journal entries for forfeiture and reissue.

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- 19) From the following particulars, prepare comparative income statement of Mary Co Ltd.

Particulars	2015-2016 (Rs.)	2016-2017 (Rs.)
Revenue from operations	4,00,000	5,00,000
Other expenses	2,00,000	1,80,000
Income tax (% of the profit before tax)	20	50

- 20) Calculate trend percentages for the following particulars of Kurinji Ltd,

Particulars	Rs. in thousands		
	2015-16	2016-17	2017-18
Revenue from operations	120	132	156
Other income	50	38	65
Expenses	100	135	123

Section - IV

Note: Answer all the questions:-

4×5=20

- 21) a) Progress Ltd. issued 50,000 ordinary shares of Rs.10 each, payable Rs.2 on application, Rs.4 on allotment, Rs.2 on first call and Rs.2 on final call. All the shares are subscribed and amount was duly received. Pass journal entries.

[or]

- b) Sampath company issued 25,000 shares at Rs.10 per share payable Rs.3 on application, Rs.4 on allotment, Rs.3 on first and final call. The public subscribed for 24,000 shares. The directors allotted all the 24,000 shares and received the money duly. Pass necessary journal entries.

- 22) a) Aruna Mills Ltd. with a registered capital of Rs.5,00,000 in equity shares of Rs. 10 each, issued 20,000 of such shares payable as follows: Rs. 4 per share on application, Rs.4 per share on allotment and Rs. 2 per share on first and final call. The issue was duly subscribed. All the money payable was duly received. But on allotment, one shareholder paid the entire balance on his holding of 300 shares. Give journal entries to record the above. [or]

- b) Bharath Ltd. issued 1,00,000 equity shares of Rs.10 each to the public at par. The details of the amount payable on the shares are as follows:-

On application	Rs. 5 per share
On allotment	Rs. 3 per share
On first and final call	Rs. 2 per share

Application money was received for 1,20,000 shares. Excess application money was refunded immediately. Pass journal entries to record the above.

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- 23) a) From the following particulars, prepare comparative income statement of Anul Ltd.

Particulars	2015-2016 (Rs.)	2016-2017 (Rs.)
Revenue from operations	50,000	60,000
Other income	10,000	30,000
Expenses	40,000	50,000

[or]

- b) From the following particulars, prepare comparative statement of financial position of Muthu Ltd.

Particulars	31.03.2017 (Rs.)	31.03.2018 (Rs.)
<u>I. Equity and Liabilities</u>		
Share holder's fund	4,00,000	4,40,000
Non-current liabilities	1,50,000	1,65,000
Current liabilities	75,000	82,500
Total	6,25,000	6,87,500
<u>II. Assets</u>		
Non-current assets	5,00,000	6,00,000
Current assets	1,25,000	87,500
Total	6,25,000	6,87,500

- 24) a) Prepare common-size income statement for the following particulars of Raja Ltd. for the year ended 31st March 2017.

Particulars	2016-2017 (Rs.)
Revenue from operations	4,50,000
Other income	67,500
Expenses	1,35,000

[or]

- b) Prepare Common-size balance sheet of Meena Ltd. as on 31st March 2018.

Particulars	31.03.2018 (Rs.)
<u>I. Equity and Liabilities</u>	
Share holder's fund	2,00,000
Non-current liabilities	1,60,000
Current liabilities	40,000
Total	4,00,000
<u>II. Assets</u>	
Non-current assets	3,00,000
Current assets	1,00,000
Total	4,00,000

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COMMON II-MID TERM EXAMINATION - NOVEMBER - 2019

TENTATIVE ANSWER KEY

STD: XII

DATE: 06.11.2019

SUBJECT: ACCOUNTANCY

MARKS : 50

S.No	Answer Key	Mark																												
PART – I		10 x 1 = 10																												
1.	d) Reserve capital	1																												
2.	b) Capital reserve account	1																												
3.	c) Share capital A/c	1																												
4.	b) i-iv, 2-iii, 3-ii, 4-i	1																												
5.	a) Rs.700	1																												
6.	b) As on a particular date	1																												
7.	a) Non-monetary data	1																												
8.	b) Working capital	1																												
9.	a) +20%	1																												
10.	c) 25	1																												
SECTION –II		4x 2 = 8																												
11.	<p>shares forfeited :</p> <p>When a shareholder defaults in making payment of allotment and/or call money, the shares may be forfeited. On forfeiture, the share allotment is cancelled and to that extent, share capital is reduced.</p>	2																												
12.	<p>List the tools of financial statement analysis.</p> <p>(i) Comparative statement (ii) Common-size statements (iii) Trend analysis (iv) Funds flow analysis (v) Cash flow analysis</p>	2																												
13.	<p><u>When shares are issued at a premium of 10% :</u> <u>In the books of Paradies Ltd</u> <u>Journal entries</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 50%;">Assets A/c</td> <td style="width: 10%; text-align: center;">Dr</td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Suganya Furniture Ltd A/c</td> <td></td> <td style="text-align: right;">4,40,000</td> <td></td> </tr> <tr> <td colspan="2">(Purchase of assets)</td> <td></td> <td style="text-align: right;">4,40,000</td> </tr> <tr> <td>Suganya Furniture Ltd A/c</td> <td style="text-align: center;">Dr</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To Equity Share Capital A/c (40000x10)</td> <td></td> <td style="text-align: right;">4,00,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To Securities premium A/c (40,000x1)</td> <td></td> <td style="text-align: right;">40,000</td> <td></td> </tr> <tr> <td colspan="2">(Issue of Rs.40000 shares of 10 each at a premium of 10%)</td> <td></td> <td></td> </tr> </tbody> </table>	Assets A/c	Dr			To Suganya Furniture Ltd A/c		4,40,000		(Purchase of assets)			4,40,000	Suganya Furniture Ltd A/c	Dr			To Equity Share Capital A/c (40000x10)		4,00,000		To Securities premium A/c (40,000x1)		40,000		(Issue of Rs.40000 shares of 10 each at a premium of 10%)				2
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(Issue of Rs.40000 shares of 10 each at a premium of 10%)																														

14.

Solution

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Equity share capital A/c (500 × 10) Dr.		5,000	
	To Equity share call A/c (500 × 2)			1,000
	To Forfeited shares A/c (500 × 8)			4,000
	(500 shares forfeited for non payment of call money)			

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15.

SolutionCommon-size income statement of Kumar Ltd for the year ended 31st March, 2018

Particulars	Absolute amount	Percentage of revenue from operations
	₹	
Revenue from operations	5,00,000	100
Add: Other income	20,000	4
Total revenue	5,20,000	104
Less: Expenses	3,00,000	60
Profit before tax	2,20,000	44

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SECTION – III

4 x 3= 12

16.

(i) Preference shares

Preference shares are the shares which have the following two preferential rights over the equity shares:

- Preference towards the payment of dividend at a fixed rate during the life time of the company and
- Preference towards the repayment of capital on winding up of the company.

(ii) Equity shares

- ❖ Equity shares are those shares which are not preference shares. These shares do not enjoy any preferential rights. Rate of dividend is not fixed on equity shares and it depends upon the profits earned by the company.
- ❖ Incase of winding up of a company equity shareholders are paid after the payments are made to preference shareholders. Equity shares are also known as ordinary shares.

3

17.

Following are the limitations of financial statement analysis: **(any three)**

- All the limitations of financial statements such as ignoring non-monetary information, ignoring price level changes, etc., are applicable to financial statement analysis also.
- Financial statement analysis is only the means and not an end, that is, it is only a tool in the hands of management and other shareholders. Interpretation of the results has to be done only by the financial analysts with due regard to the internal and external environmental factors.
- Expert knowledge is required in analysing the financial statements.
- Interpretation of the analysed data involves personal judgement as different experts may give different views.

3

18.

Solution

In the books of Gemini Ltd.
Journal entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Equity share capital A/c (20 × 7)	Dr.	140	
	To Equity share first call A/c (20 × 2)			40
	To Forfeited shares A/c (20 × 5)			100
	(Forfeiture of 120 shares, ₹ 7 called up)			
	Bank A/c (15 × 6)	Dr.	90	
	Forfeited shares A/c	Dr.	15	
	To Equity share capital A/c (15 × 7)			105
	(Reissue of 15 forfeited shares @ ₹ 6 per share)			
	Forfeited shares A/c	Dr.	60	
	To Capital reserve A/c			60
	(Gain on reissue of forfeited shares transferred to capital reserve account)			

3

19.

Solution

Comparative income statement of Mary Co. Ltd for the years ended
31st March, 2016 and 31st March, 2017

Particulars	2015-16	2016-17	Absolute amount of increase (+) or decrease (-)	Percentage increase (+) or decrease (-)
	₹	₹		
Revenue from operations	4,00,000	5,00,000	+1,00,000	+25
Less: Operating expenses	2,00,000	1,80,000	-20,000	-10
Profit before tax	2,00,000	3,20,000	+1,20,000	+60
Less: Income tax*	40,000	1,60,000	+1,20,000	+300
Profit after tax	1,60,000	1,60,000	-	-

3

20.

Solution

Trend analysis for Kurinji Ltd

Particulars	₹ in thousands			Trend percentages		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Revenue from operations	120	132	156	100	110	130
Add: Other income	50	38	65	100	76	130
Total revenue	170	170	221	100	100	130
Less: Expenses	100	135	123	100	135	123
Profit	70	35	98	100	50	140

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SECTION – IV

4 x 5=20

21.
a)**SOLUTION****In the books of progress Ltd Journal Entries**

Date	Particulars	l.f	Debit	Credit
	Bank A/c Dr To share application A/c (Application money received)		1,00,000	1,00,000
	Share Application A/c Dr To Share capital A/c (Transfer of share application money to share capital)		1,00,000	1,00,000
	Share allotment A/c Dr To Share Capital A/c (Share allotment money due)		2,00,000	2,00,000
	Bank A/c Dr To Share allotment A/c (Allotment money received)		2,00,000	2,00,000
	Equity share first call A/c Dr To share capital A/c (share first call money due)		1,00,000	1,00,000
	Bank A/c Dr To share first capital A/c (Share first call money received)		1,00,000	1,00,000
	Share second and final call A/c Dr To Share capital A/c (Share second and final call money due)		1,00,000	1,00,000
	Bank A/c Dr To Share second and final call A/c (Share second and final call money received)		1,00,000	1,00,000

5

(b)

Solution:**In the books of Sampath company Journal****Entry**

Date	Particulars	lf	Debit	Credit
	Bank A/c Dr To share application A/c (Application money received)		72,000	72,000
	Share Application A/c Dr To Share capital A/c (Transfer of share application money to share capital)		72,000	72,000
	Share allotment A/c Dr To Share Capital A/c (Share allotment money due)		96,000	96,000
	Bank A/c Dr To Share allotment A/c (Allotment money received)		96,000	96,000
	Equity share first call A/c Dr To share capital A/c (share first call money due)		72,000	72,000
	Bank A/c Dr To share first capital A/c (Share first call money received)		72,000	72,000

5

22.

(a)

Solution**In the books of Aruna Mills Ltd.
Journal entries**

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c (20,000 × 4) To Share application A/c (Application money received)	Dr.	80,000	80,000
	Share application A/c To Share capital A/c (Application money transferred to share capital A/c)	Dr.	80,000	80,000
	Share allotment A/c (20,000 × 4) To Share capital A/c (Allotment money due)	Dr.	80,000	80,000
	Bank A/c (20,000 × 4) + (300 × 2) To Share allotment A/c To Calls in advance A/c (300 × 2) (Allotment money received)	Dr.	80,600	80,000 600
	Share first and final call A/c (20,000 × 2) To Share capital A/c (First and final call money due)	Dr.	40,000	40,000
	Bank A/c (19,700 × 2) Calls in advance A/c To Share first and final call A/c (First call money received and calls in advance adjusted)	Dr. Dr.	39,400 600	40,000

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b)

Solution

**In the books of Bharath Ltd.
Journal entries**

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c (1,20,000 × 5) To Equity share application A/c (Application money received)	Dr.	6,00,000	6,00,000
	Equity share application A/c (1,00,000 × 5) To Equity share capital A/c (Transfer of share application money to share capital)	Dr.	5,00,000	5,00,000
	Equity share application A/c (20,000 × 5) To Bank A/c (Excess share application money refunded)	Dr.	1,00,000	1,00,000
	Equity share allotment A/c To Equity share capital A/c (Share allotment money due)	Dr.	3,00,000	3,00,000
	Bank A/c To Equity share allotment A/c (Allotment money received)	Dr.	3,00,000	3,00,000
	Equity share first and final call A/c To Equity share capital A/c (Share first and final call money due)	Dr.	2,00,000	2,00,000
	Bank A/c To Equity share first and final call A/c (Share first and final call money received)	Dr.	2,00,000	2,00,000

23.
(a)

**Comparative income statement of Arul Ltd for the years
ended 31st March 2016 and 31st March 2017**

Particulars	2015-16	2016-17	Absolute amount of increase (+) or decrease (-)	Percentage increase (+) or decrease (-)
Revenue from Operations	50,000	60,000	+10,000	+20
Add : Other income	10,000	30,000	+20,000	+200
Total revenue	60,000	90,000	+30,000	+50
Less : Expenses	40,000	50,000	+10,000	+25
Profit before tax	20,000	40,000	+20,000	100

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(b)

**Comparative balance sheet of Muthu Ltd as on 31st March,
017 and 31st March, 2018**

Particulars	2015-16	2016-17	Absolute amount of increase (+) or decrease (-)	Percentage increase (+) or decrease (-)
I. Equity and Liabilities	4,00,000	4,00,000	+40,000	+10
Share holders fund	1,50,000	1,65,000	+15,000	+10
Non-current Liabilities	75,000	82,500	+ 7,500	+10
Current Liabilities	6,25,000	6,87,500	+62,500	

5

Total	5,00,000	6,00,000	+1,00,000	+10
II. Assets	1,25,000	87,500	-37,500	+20
Non-current assets	6,25,000	6,87,500	+62,500	-30
Current assets				+10

24.
(a)

Common-size income statement of Raja Ltd for the year ended 31st March, 2017

Particulars	Absolute amount Rs.	Percentage of revenue from operations
Revenue from Operations	4,50,000	100
Add : Other income	67,500	15
Total revenue	5,17,500	115
Less : Expenses	1,35,000	30
Profit before tax	3,82,500	85

5

(b)

Common-size balance sheet of Meena Ltd as on 31st March, 2018

Particulars	Absolute amounts Rs.	Percentage of total assets
I. Equity and Liabilities		
Share holder's funds	2,00,000	50
Non-current liabilities	1,60,000	40
Current liabilities	40,000	10
Total	4,00,000	100
II Assets		
Non-current assets	3,00,000	75
Current assets	1,00,000	25
Total	4,00,000	100

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