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Part- A

## (Accounting for Not for Profit organizations, Partnership firms and Companies)

1) On dissolution of a firm, a creditor of Rs. 75,000 accepted furniture at Rs. 60,000 in full settlement of his claim. Pass the necessary journal entry. (1-Mark)
2) Give the average period, in months, for charging interest on drawings of a fixed amount withdrawn at the beginning of each half-year. (1-Mark)
3) In the absence of any agreement, the rate of interest payable on the amount remaining unpaid to the executor of deceased partner is
(A) $8 \%$ p.a.
(B) $6 \%$ p.a.
(C) $9 \%$ p.a.
(D) 12\% p.a. (1-Mark)
4) The average profit of a partnership firm of the last five years was Rs. 1,60,000. Capital employed of the firm was Rs. 5,00,000 while the normal rate of return was $20 \%$. Calculate the goodwill of the firm on the basis of 3 years' purchase of super profits. (1-Mark)
5) A, B and C were partners in a firm sharing profits and losses in the ratio of $1 / 2: 1 / 3$ : $1 / 6$. D was admitted in the firm for $1 / 6$ th share. C would retain his original share. Calculate the new profit sharing ratio. (1-Mark)
6) Goodwill is the value of $\qquad$ . (1-Mark)
7) The account which shows classified summary of transactions of a 'Cash Book' in a Not-for-Profit Organisation is called:
(A) Income and Expenditure A/c
(B) Receipts and Payments A/c
(C) Profit and Loss A/c
(D) Subscriptions A/c (1-Mark)

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8) $X, Y$ and $Z$ are partners in a firm sharing profits and losses in the ratio of $6: 4: 1$. $X$ guaranteed a profit of Rs. 15,000 to $Z$. The net profit for the year ending 31st March, 2019 was Rs. 99,000. X's share in the profit of the firm will be :
(A) Rs. 30,000
(B) Rs. 15,000
(C) Rs. 48,000
(D) Rs. 45,000
9) A portion of uncalled capital of a company to be called only in the event of winding up of the company is known as $\qquad$ capital. (1-Mark)
10) State any one difference between Sacrificing ratio and Gaining ratio. (1-Mark)
11) $\mathrm{A}, \mathrm{B}$ and C were partners in a firm sharing profits and losses in the ratio of $2: 2$ : 1. On 25th February, 2019, B died. B's share of profit till the date of his death was calculated at Rs. 5,000.

Pass the necessary journal entry for the same in the books of the firm. (1-Mark)
12) State any one right acquired by a newly admitted partner. (1-Mark)
13) R Ltd. issued $10,000,8 \%$ Debentures of Rs. 100 each at a discount of $5 \%$, redeemable at a premium of $10 \%$ after 5 years. State the amount of Debenture Redemption Reserve required to be created by R Ltd. before redemption. (1-Mark)
14) How will the following items be presented in the 'Income and Expenditure Account' of a club for the year ending 31st March, 2019 and the Balance Sheet as on that date?

|  | Rs. |
| :--- | ---: |
| Tournament Fund on 1st April, 2018 | $3,00,000$ |
| $10 \%$ Tournament Fund Investments on 1st April, 2018 | $3,00,000$ |
| Interest received on Tournament Fund Investments | 30,000 |
| Sale of Tournament Tickets | 75,000 |
| Tournament prizes awarded | 60,000 |
| 3 |  |

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From the following information, calculate the amount of sports material to be debited to 'Income and Expenditure Account' of a sports club for the year ending 31st March, 2019:

|  | Rs. |
| :--- | ---: |
| Stock of Sports Material on 1st April, 2018 | 10,000 |
| Stock of Sports Material on 31st March, 2019 | 7,500 |
| Creditors for Sports Material on 1st April, 2018 | 20,000 |
| Creditors for Sports Material on 31st March, 2019 | 22,500 |
| Payment made to creditors of Sports Material during the year <br> ending 31st March, 2019 | $1,00,000$ |

(3-Marks)
15) Radha and Mudit were partners in a firm sharing profits and losses in the ratio of 3: 2. The firm was dissolved on 31st March, 2019. Pass the necessary Journal entries for the following transactions after various assets (other than cash in hand and cash at bank) and third party liabilities have been transferred to Realisation Account :
(i) A creditor of Rs. 70,000 accepted furniture valued at Rs. 1,50,000 and paid to the firm Rs. 80,000.
(ii) Bank loan of Rs. 90,000 was settled along with interest Rs. 9,000.
(iii) Realisation expenses amounting to Rs. 8,000 were paid by Mudit.
(iv) Loss on realisation was Rs. 20,000. (4-Marks)
16) A, B and C were partners in a firm. On 1st April, 2018 the balance in their capital accounts stood at Rs. 8,00,000, Rs. 6,00,000 and Rs. 4,00,000 respectively. As per the provisions of the partnership deed, partners were entitled to interest on capital @ $5 \%$ p.a., salary to B Rs. 3,000 per month and a commission of Rs. 12,000 to C.

A's share of profit, excluding interest on capital, was guaranteed at Rs. 25,000 p.a. B's share of profit, including interest on capital but excluding salary was guaranteed at Rs. 55,000 p.a. Any deficiency arising on that account was to be met by C. The profits of the firm for the year ending 31st March, 2019 amounted to Rs. 2,16,000.

Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2019. (4-Marks)

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On 31st March, 2019, the balance in the capital accounts of Asha, Nisha and Disha after making adjustments for profits and drawings were Rs. 1,50,000, Rs. 1,20,000 and Rs. 90,000 respectively. Subsequently, it was discovered that interest on capital and interest on drawings had been omitted.

The partners were entitled to interest on capital @ 10\% p.a. Interest on drawings was also to be charged @ 10\% p.a. The drawings during the year were : Asha Rs. 50,000, Nisha Rs. 60,000 and Disha Rs. 30,000. The net profit for the year ending 31st March, 2019 amounted to Rs. 1,00,000. The profit sharing ratio was $2: 2: 1$.

Pass the necessary adjustment entry. Also show your workings clearly. (4-Marks)
17) The Balance Sheet of Vijeta, Vaishali and Diksha who were sharing profits in the ratio of $2: 2: 1$ as at 31 st March, 2019 was as follows :

Balance Sheet of Vijeta, Vaishali and Diksha as at 31st March, 2019

| Liabilities | Amount <br> (Rs.) | Assets | Amount <br> (Rs.) |
| :--- | ---: | :--- | ---: |
| General Reserve | 25,000 | Fixed Assets | $5,50,000$ |
| Bills Payable | 15,000 | Stock | 80,000 |
| Loan from Bank | 40,000 | Debtors | 50,000 |
| Capitals: |  | Cash | $1,00,000$ |
| Vijeta $: 3,00,000$ |  |  |  |
| Vaishali $: 2,50,000$ | $7,00,000$ |  |  |
| Diksha $: 1,50,000$ | $\mathbf{7 , 8 0 , 0 0 0}$ |  | $\mathbf{7 , 8 0 , 0 0 0}$ |

Diksha died on 1st October, 2019. The partnership deed provided for the following on the death of a partner :
(i) Interest on capital was to be provided @ 10\% p.a.
(ii) Goodwill of the firm be valued on three years' purchase of average profits of last four years.
(iii) The average profits of the last four years were Rs. 20,000.
(iv) The profit for the year ending 31st March, 2019 was Rs. 60,000.

Prepare Diksha's Capital Account to be rendered to her executors. (4-Marks)

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18) Alpha India Ltd. was registered with an authorised capital of Rs. 10,00,000 divided into $1,00,000$ equity shares of Rs. 10 each. The company offered to the public for subscription 80,000 equity shares payable per share as : Rs. 3 on application, Rs. 2 on allotment, Rs. 3 on first call and the balance on second and final call. The issue was fully subscribed and all amounts due were received except the first and final call money on 2,000 shares allotted to Chavi. Her shares were forfeited.

Present the 'Share Capital' in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013. Also prepare 'Notes to Accounts'. (4-Marks)
19) From the following particulars of Platinum Sports Club, prepare Receipts and Payments Account for the year ending 31st March, 2019:

Particulars Amount
Rs.
Opening Balance :
Cash in Hand
Cash at Bank
Subscriptions Received (including Rs. 85,000 for the year 2019-20)
Rent Paid (including Rs. 20,000 for the year 2017-18)
Expenses Paid for Maintenance of Tennis Court
30,000
Furniture Purchased for Cash
Entrance Fees Received
72,000
Municipal Taxes Paid
21,000
Audit Fees Paid (including Rs. 2,000 for the year 2019-20)
12,000
Sale of Old Sports Materials
5,000
Closing Balance:
Cash in Hand 11,000
(6-Marks)

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20) D Ltd. had issued 40,000, 11\% Debentures of Rs. 100 each of which one half were due for redemption on 31 st March, 2019. It was decided to invest the required amount towards Debenture Redemption Investments.

The company had in its Debenture Redemption Reserve Account a balance of Rs. 3,10,000.

Record the necessary journal entries at the time of Redemption of Debentures. (6-Marks)

## OR

(i) LT Ltd. purchased land from JSS Ltd. The payment was made by issuing a cheque for Rs. 10,00,000 and by accepting a bill of exchange for 6 months for Rs. 5,00,000. The balance amount was paid by issuing 5,000, 10\% Debentures of Rs. 100 each at par redeemable at $10 \%$ premium after 3 years.

Pass the necessary journal entries in the books of LT Ltd. for the above transactions.
(ii) ABC Ltd. purchased assets of Rs. 4,20,000 and took over liabilities of Rs. 40,000 of XYZ Ltd. at a value of Rs. 3,60,000. ABC Ltd. issued 10\% Debentures of Rs. 100 each at a discount of $10 \%$ in full settlement of the purchase consideration.

Pass the necessary journal entries in the books of ABC Ltd. for the above transactions.
(6-Marks)
21) A Ltd. invited applications for issuing 80,000 equity shares of Rs. 10 each
at a premium of Rs. 4 per share. The amount was payable as follows :
On application - Rs. 5 per share
On allotment - Rs. 9 per share (premium included)
Applications were received for $1,40,000$ shares and allotment was made to all applicants on pro-rata basis. Money overpaid on applications was adjusted towards sum due on allotment. Rajiv, who had applied for 1,400 shares failed to pay the allotment money. His shares were forfeited.

Later on, these forfeited shares were reissued at Rs. 9 per share as fully paid up.
Pass the necessary journal entries in the books of A Ltd. for the above transactions.
(8-Marks)
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AB Ltd. issued 30,000 shares of Rs. 10 each at par, payable as follows :
Rs. 3 per share - on application
Rs. 3 per share - on allotment
Balance - on first and final call
Applications were received for 50,000 shares. Applications for 10,000 shares were rejected and allotment was made on pro-rata basis to the remaining applicants. Excess money received on application was adjusted towards sums due on allotment. Natasha, who had applied for 1,600 shares, failed to pay the amount due on allotment and call.

The company forfeited her shares. Later on, these forfeited shares were reissued at Rs. 10 per share as fully paid-up.

Pass the necessary journal entries in the books of $A B$ Ltd. for the above transactions. (8-Marks)
22) On 31st March, 2019 the Balance Sheet of A and B, who were sharing profits in the ratio of $3: 2$ was as follows :

Balance Sheet of A and B as at 31st March, 2019

| Liabilities | Amount <br> (Rs.) | Assets | Amount <br> (Rs.) |
| :--- | ---: | :--- | :---: |
| Creditors | 30,000 | Cash at Bank | 20,000 |
| Investment <br> Fund | 12,000 | Debtors | 85,000 |
| General Reserve | 25,000 | Less : Provision for <br> bad debts | 8,000 |

On 1st April, 2019, they decided to admit C as a new partner for $1 / 5^{\text {th }}$ share in the profits on the following terms :
(i) C brought Rs. 1,00,000 as his capital and Rs. 50,000 as his share of premium for goodwill.
(ii) Outstanding salaries of Rs. 2,000 be provided for.
(iii) The market value of investments was Rs. 50,000.
(iv) A debtor whose dues of Rs. 18,000 were written off as bad debts paid Rs. 12,000 in full settlement.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. (8-Marks)

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## OR

Chintan, Ayush and Sudha were partners in a firm sharing profits and losses in the ratio of $5: 3: 2$. On 31st March, 2019, their Balance Sheet was as follows :

Balance Sheet of Chintan, Ayush and Sudha as at 31st March, 2019

| Liabilities | Amount <br> (Rs.) | Assets | Amount <br> (Rs.) |
| :--- | ---: | :--- | ---: |
| Capitals: |  | Plant and Machinery | 90,000 |
| Chintan | 90,000 |  | Furniture |
| Ayush | Stock | 60,000 |  |
| Sudha | 60,000 | $1,90,000$ | Debtors |
| Provident Fund | 30,000 | Less $:$ Provision for <br> doubtful debts | 50,000 |
| General Reserve | 20,000 | Cash at Bank | 55,000 |
| Creditors | 10,000 |  | 15,000 |
|  | $\mathbf{2 , 5 0 , 0 0 0}$ |  | $\mathbf{2 , 5 0 , 0 0 0}$ |

Chintan retired on the above date and it was agreed that :
(i) Debtors of Rs. 5,000 were to be written off as bad debts and a provision of 5\% on debtors for bad and doubtful debts was to be created.
(ii) Goodwill of the firm on Chintan's retirement was valued at Rs. 1,00,000 and Chintan's share of the same will be adjusted by debiting the Capital Accounts of Ayush and Sudha.
(iii) Stock was revalued at Rs. 36,000.
(iv) Furniture was undervalued by Rs. 9,000.
(v) Liability for workmen's compensation of Rs. 2,000 was to be created.
(vi) Chintan was to be paid Rs. 20,000 by cheque and the balance was to be transferred to his loan account.

Pass the necessary journal entries in the books of the firm on Chintan's retirement.
(8-Marks)

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## PART B

## OPTION 1

## (Analysis of Financial Statements)

23) 'Sale of marketable securities at par' would result in inflow of cash. State whether the statement is True or False. (1-Mark)
24) The debt-equity ratio of a company is $2: 1$. State, giving reason, if issue of shares of Rs. $6,00,000$ will increase, decrease or not affect the ratio. (1-Mark)
25) Give the meaning of 'Cash Flow Statement'. (1-Mark)
26) State any one objective of 'Analysis of Financial Statements'. (1-Mark)
27) Under which type of activity will 'Rent Paid' be classified while preparing Cash Flow Statement? (1-Mark)
28) If the operating ratio of a company is $75 \%$, operating profit ratio will be $\qquad$ (1-Mark)
29) Quick Assets do not include
(A) Cash in Hand
(B) Marketable Securities
(C) Prepaid Expenses
(D) Trade Receivables (1-Mark)
30) Under which heads and sub-heads will the following items appear in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?
(a) Capital Advances
(b) Interest accrued and due on borrowings
(c) Licenses and franchise (3-Marks)

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From the following information, calculate Gross Profit Ratio :
Rs.
Revenue from Operations:
Cash
2,00,000
Credit
8,00,000

Purchases:

| Cash | 40,000 |
| :--- | :--- | :--- |
| Credit | $3,60,000$ |
| Carriage Inwards | 8,000 |
| Salaries | 42,000 |
| Decrease in Inventory | $1,22,000$ |
| Returns Outwards | 20,000 |
| Wages | 20,000 |

31) The following particulars are related to the Statement of Profit and Loss of AT Ltd :

| Particulars | $\mathbf{2 0 1 8 - 2 0 1 9}$ <br> (Rs.) | 2017-18 <br> (Rs.) |
| :--- | ---: | ---: |
| Revenue From operations | $37,50,000$ | $30,00,000$ |
| Other Income | 75,000 | 60,000 |
| Expenses | $25,75,000$ | $20,60,000$ |
| Income Tax rate | $40 \%$ | $40 \%$ |

Prepare Comparative Statement of Profit and Loss. (4-Marks)
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From the following Balance Sheet of Surbhi Ltd. as at 31st March, 2019, prepare a Common Size Balance Sheet:

Balance Sheet of Surbhi Ltd. as at 31st March, 2019

| Particulars | Note <br> no. | $\mathbf{3 1 . 3 . 2 0 1 9}$ <br> (₹) | $\mathbf{3 1 . 3 . 2 0 1 8}$ <br> (₹) |
| :--- | ---: | ---: | ---: |
| I - Equity and Liabilities : |  |  |  |
| 1. Shareholders Funds : |  |  |  |
| (a) Share Capital |  | $20,00,000$ | $9,00,000$ |
| (b) Reserves and Surplus |  | $2,00,000$ | $1,00,000$ |
| 2. Non-Current Liabilities : |  | $12,00,000$ | $5,00,000$ |
| Long-term Borrowings |  |  |  |
| 3. Current Liabilities : |  | $6,00,000$ | $5,00,000$ |
| Trade Payables |  |  |  |
| Total |  |  |  |
| II - Assets : |  | $20,00,000$ | $10,00,000$ |
| 1. Non-Current Assets : |  |  |  |
| Fixed Assets : |  | $19,00,000$ | $8,00,000$ |
| 2. Current Assets : |  | $\mathbf{4 0 , 0 0 , 0 0 0}$ | $2,00,000$ |
| (a) Inventories |  |  | $\mathbf{2 0 , 0 0 , 0 0 0}$ |
| (b) Cash and Cash Equivalents |  |  | $(4-\mathrm{Marks})$ |
| Total |  |  |  |


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32) From the following Balance Sheet of G Ltd. as at 31st March, 2019 and additional information, prepare Cash Flow Statement:

Balance Sheet of G Ltd. as at 31st March, 2019

| Particulars | Note <br> No. | $\mathbf{3 1 . 3 . 2 0 1 9}$ <br> (₹) | $\mathbf{3 1 . 3 . 2 0 1 8}$ <br> (₹) |
| :--- | ---: | ---: | ---: |
| I. EQUITY AND LIABILITIES: |  |  |  |
| 1. Shareholder's Fund: |  |  |  |
| a. Share Capital | 1 | $8,00,000$ | $6,00,000$ |
| b. Reserve and Surplus |  |  | $2,30,000$ |
| 2. Non-Current Liabilities: | 2 | $1,60,000$ | $1,00,000$ |
| Long Term Borrowing |  |  |  |
| 3. Current Liabilities: |  | $\mathbf{1 4 , 5 5 , 0 0 0}$ | $1,95,000$ |
| a. Trade Payables |  |  | $\mathbf{1 1 , 1 5 , 0 0 0}$ |
| TOTAL |  |  |  |
| II. ASSETS : |  | $9,50,000$ | $6,05,000$ |
| 1. Non-Current Assets: |  | $1,35,000$ | $1,00,000$ |
| a. Fixed Assets: |  | 80,000 | 40,000 |
| b. Non Current Investments |  | $9,00,000$ | $2,00,000$ |
| 2. Current Assets: |  | $\mathbf{1 4 , 5 5 , 0 0 0}$ | $\mathbf{1 1 , 7 0 , 0 0 0}$ |
| a. Current Investments |  |  |  |
| b. Trade Receivables |  |  |  |
| c. Cash and Cash Equivalents |  |  |  |
| TOTAL |  |  |  |

## Notes to Accounts:

| Note <br> Number | Particulars | $\mathbf{3 1 . 3 . 2 0 1 9}$ <br> (₹) | $\mathbf{3 1 . 3 . 2 0 1 8}$ <br> (₹) |
| :--- | :--- | ---: | ---: |
| 1 | Reserves and Surplus |  |  |
|  | Surplus (i.e. Balance in Statement of Profit <br> and Loss) | $3,30,000$ | $2,20,000$ |
|  | Long-term Borrowings : |  |  |
| 2 | $10 \%$ Debentures |  |  |
|  |  | $1,60,000$ | $1,00,000$ |
| 3 | Fixed Assets: |  |  |
|  | Machinery (cost) |  |  |
|  | Accumulated depreciation | $10,70,000$ | $7,00,000$ |
|  |  | $(1,20,000)$ | $(95,000)$ |
|  |  | $\mathbf{9 , 5 0 , 0 0 0}$ | $\mathbf{6 , 0 5 , 0 0 0}$ |

## Additional information:

10\% Debentures Rs. 60,000 were issued on 1st April, 2018. (6-Marks)

