

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)



Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions

- (i) This question paper contains **23 questions**, divided into Part A and Part B.
- (ii) Part A is compulsory for all candidates.
- (iii) Part B has two options: **Option I - Analysis of Financial Statements** and **Option II - Computerised Accounting**. Attempt only one option.
- (iv) Attempt one alternative where an internal choice is provided. Write all parts of an answer at one place.

1. Pass the necessary journal entry for treatment of Partner's loan appearing on the asset side of the Balance Sheet in case of dissolution of a partnership firm.

2. A new partner acquires two main rights in the partnership firm which he joins. State one of these rights.

OR

How does 'Nature of business' affect the value of goodwill of a firm?

3. State the main aim of a not-for-profit organisation.

OR

How is 'Life membership fee' treated while preparing the financial statements of a not-for-profit organisation?

4. Kiya and Leela are partners sharing profits in the ratio of 3 : 2. Kiran was admitted as a new partner with $\frac{1}{4}$ th share in the profits and brought in Rs 24,000 as her share of goodwill premium that was credited to the capital accounts of Kiya and Leela respectively with Rs 18,000 and Rs 6,000. Calculate the new profit sharing ratio of Kiya, Leela and Kiran.

5. Dinkar, Navita and Vani were partners sharing profits and losses in the ratio of 3 : 2 : 1. Navita died on 30th June, 2017. Her share of profit for the intervening period was based on the sales during that period, which were Rs 6,00,000. The rate of profit during the past four years had been 10% on sales. The firm closes its books on 31st March every year. Calculate Navita's share of profit.

6. What is meant by 'Private Placement of Shares'?

OR

What is meant by 'Reserve Capital'?

7. Average profits of a firm during the last few years are Rs 80,000 and the normal rate of return in a similar business is 10%. If the goodwill of the firm is Rs 1,00,000 at 4 years' purchase of super profit, find the capital employed by the firm.

8. UZ Ltd. purchased Plant and Machinery from Elk Machine Ltd. for Rs 6,90,000. Elk Ltd. was paid by accepting a draft of Rs 90,000 payable after three months and the balance by issue of 6% debentures of Rs 100 each at a discount of 20%. Pass necessary journal entries for the above transactions in the books of UZ Ltd.

OR

ZK Ltd. issued Rs 4,00,000, 9% Debentures of Rs 100 each at a discount of 5% redeemable at a premium of 10%. Pass necessary journal entries for the above transactions in the books of ZK Ltd.

9. Willow Ltd. was registered with an authorized capital of Rs 10,00,000 divided into 1,00,000 equity shares of Rs 10 each. The company offered 80,000 shares for subscription to the public, out of which 75,000 shares were subscribed. All amounts were received except the final call of Rs 2 per share on 3,000 shares.

Fill in the missing figures in the Balance Sheet of Willow Ltd. as per the provisions of Schedule III, Part I of the Companies Act, 2013 (Share Capital section + Note to Accounts: Authorised Capital, Subscribed Capital — Subscribed and fully paid shares of Rs 10 each, Subscribed but not fully paid shares of Rs 10 each).

10. Janta Kalayan Club has 1250 members each paying an annual subscription of Rs 150. During the year ended 31st March, 2018 the club did not receive subscription from 45 members and received subscriptions in advance from 46 members for the year ending 31st March, 2019. On 31st March, 2017 the outstanding subscriptions were Rs 15,000 and subscriptions received in advance were Rs 3,000.

Calculate the amount of subscription that will be debited to the 'Receipts and Payments Account' for the year ended 31st March, 2018.

11. Hari, Kunal and Uma are partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. From 1st April, 2018 they decided to share future profits and losses in the ratio of 2 : 5 : 3. Their Balance Sheet showed a balance of Rs 75,000 in the Profit and Loss Account and a balance of Rs 15,000 in Investment Fluctuation Fund. For this purpose, it was agreed that:

- (i) Goodwill of the firm was valued at Rs 3,00,000.
- (ii) That investments (having a book value of Rs 50,000) were valued at Rs 35,000.
- (iii) That stock having a book value of Rs 50,000 be depreciated by 10%.

Pass the necessary journal entries for the above in the books of the firm.

12. Meera, Sarthak and Rohit were partners sharing profits in the ratio of 2 : 2 : 1. On 31st March, 2018, their Balance Sheet was as follows:

Liabilities: Creditors Rs 3,00,000; Contingency Reserve Rs 1,00,000; Capitals: Meera Rs 4,00,000, Sarthak Rs 3,50,000, Rohit Rs 2,50,000. Total Rs 14,00,000. Assets: Fixed Assets Rs 7,00,000
Stock Rs 2,00,000
Debtors Rs 1,50,000
Cash at bank Rs 3,50,000. Total Rs 14,00,000.

Sarthak died on 15th June, 2018. According to the partnership deed, his executors were entitled to:

- (i) Balance in his Capital Account.
- (ii) His share of goodwill will be calculated on the basis of thrice the average of the past 4 years' profits.
- (iii) His share in profits up to the date of death on the basis of average profits of the last two years. The time period for which he survived in the year of death will be calculated in months.
- (iv) Interest on capital @ 12% p.a. up to the date of his death.

The firm's profits for the last four years were: 2014-15 Rs 1,20,000, 2015-16 Rs 2,00,000, 2016-17 Rs 2,60,000 and 2017-18 Rs 2,20,000.

Sarthak's executors were paid the amount due immediately. Prepare Sarthak's Capital Account to be presented to his executors.

13. From the following information of Gems Club, prepare Income and Expenditure Account for the year ended 31st March, 2018.

Receipts and Payments Account: Balance b/d Rs 50,000; Interest on Investments Rs 2,400; Donations Rs 17,000; Subscriptions Rs 3,00,000; Rent Received Rs 70,000; Sale of old newspapers Rs 600. Total Rs 4,40,000. Payments: Furniture Rs 1,30,000; Salaries Rs 64,500; Miscellaneous Expenses Rs 52,000; Telephone Charges Rs 12,000; Fax Machine Rs 6,000; 6% Investments (on 01.08.2017) Rs 1,00,000; Printing and Stationery Rs 19,000; Balance c/d Rs 56,500. Total Rs 4,40,000.

Additional Information: Subscriptions received included Rs 15,000 for 2018-19. The amount of subscriptions outstanding on 31st March, 2018 were Rs 20,000. Salaries unpaid on 31st March, 2018 were Rs 8,000 and Rent receivable was Rs 2,000. Opening stock of printing and stationery was Rs 12,000, whereas Closing stock was Rs 15,000.

14. Ashish and Kanav were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2018 their Balance Sheet was as follows:

Liabilities: Trade Creditors Rs 42,000; Employees' Provident Fund Rs 60,000; Mrs. Ashish's Loan Rs 9,000; Kanav's Loan Rs 35,000; Workmen's Compensation Fund Rs 20,000; Investment Fluctuation Reserve Rs 4,000; Capitals: Ashish Rs 1,20,000, Kanav Rs 80,000 (Rs 2,00,000). Total Rs 3,70,000. Assets: Bank Rs 35,000
Stock Rs 24,000
Debtors Rs 19,000
Furniture Rs 40,000
Plant Rs 2,10,000
Investments Rs 32,000
Profit and Loss Account Rs 10,000. Total Rs 3,70,000.

On the above date they decided to dissolve the firm.

- (i) Ashish agreed to take over furniture at Rs 38,000 and pay off Mrs. Ashish's loan.
- (ii) Debtors realised Rs 18,500 and plant realised 10% more.
- (iii) Kanav took over 40% of the stock at 20% less than the book value. Remaining stock was sold at a gain of 10%.
- (iv) Trade creditors took over investments in full settlement.
- (v) Kanav agreed to take over the responsibility of completing dissolution at an agreed remuneration of Rs 12,000 and to bear realization expenses. Actual expenses of realization amounted to Rs 8,000.

Prepare Revaluation Account (Realisation Account).

15. Naveen, Qadir and Rajesh were partners doing an electronic goods business in Uttarakhand. After the accounts of partnership were drawn up and closed, it was discovered that interest on capital has been allowed to partners @ 6% p.a. for the years ending 31st March, 2017 and 2018, although there is no provision for interest on capital in the partnership deed. On the other hand, Naveen and Qadir were entitled to a salary of Rs 3,500 and Rs 4,000 per quarter respectively, which has not been taken into consideration. Their fixed capitals were Rs 4,00,000, Rs 3,60,000 and Rs 2,40,000 respectively. During the last two years they had shared the profits and losses as follows: Year ended 31st March 2017 — 3:2:1; Year ended 31st March 2018 — 5:3:2.

Pass necessary adjusting entry for the above adjustments in the books of the firm on 1st April, 2018. Show your workings clearly.

OR

15. On 31st March, 2018 the balance in the Capital Accounts of Abhir, Bobby and Vineet, after making adjustments for profits and drawings were Rs 8,00,000, Rs 6,00,000 and Rs 4,00,000 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. and were to be charged interest on drawings @ 6% p.a. The drawings during the year were: Abhir — Rs 20,000 drawn at the end of each month, Bobby — Rs 50,000 drawn at the beginning of every half year and Vineet — Rs 1,00,000 withdrawn on 31st October, 2017. The net profit for the year ended 31st March, 2018 was Rs 1,50,000. The profit sharing ratio was 2:2:1.

Pass necessary adjusting entry for the above adjustments in the books of the firm. Also, show your workings clearly.

16. Denspar Ltd. invited applications for issuing 2,00,000 equity shares of Rs 10 each at a premium of Rs 20 per share. The amount was payable as follows: On Application Rs 2 per share; On Allotment Rs 13 per share (including Rs 10 premium); On First Call Rs 7 per share (including Rs 5 premium); On Final Call Rs 8 per share (including Rs 5 premium).

Applications for 1,80,000 shares were received. Shares were allotted to all the applicants. Yogesh, a shareholder holding 5,000 shares paid his entire share money along with the allotment money. Vishesh, a holder of 7,000 shares, failed to pay the allotment money. Afterwards the first call was made. Vishesh paid the allotment money along with the first call money. Samyesh, holding 2,000 shares did not pay the final call. Samyesh's shares were forfeited immediately after the final call. Out of the forfeited shares, 1,500 shares were reissued at Rs 8 per share fully paid up.

Pass the necessary journal entries for the above transactions in the books of Denspar Ltd.

OR

16. KLN Ltd. invited applications for issuing 1,00,000 shares of Rs 10 each at a premium of Rs 2 per share. The amount was payable as follows: On Application Rs 3 per share (including premium Rs 1); On Allotment Rs 4 per share (including premium Rs 1); On First call Rs 3 per share; On Second and Final Call Balance amount.

Applications for 1,90,000 shares were received. Allotment was made to the applicants as follows: Category I: 50,000 applied / 40,000 allotted; Category II: 1,00,000 applied / 60,000 allotted. Remaining applications were rejected.

Rajat, a shareholder belonging to Category I who had applied for 2,500 shares, failed to pay the amount due on allotment and first call. His shares were immediately forfeited.

Reema, a shareholder belonging to Category II who was holding 3,000 shares failed to pay the first call and second call money. Her shares were also forfeited. Afterwards 4,000 shares were reissued @ Rs 8 per share fully paid up. These included all the forfeited shares of Reema.

Pass necessary journal entries for the above transactions in the books of KLN Ltd.

17. Mohan, Vinay and Nitya were partners in a firm sharing profits and losses in the proportion of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. On 31st March, 2018, their Balance Sheet was as follows:

Liabilities: Creditors Rs 48,000; Employees' Provident Fund Rs 1,70,000; Contingency Reserve Rs 30,000; Capitals:
 Mohan Rs 1,20,000, Vinay Rs 1,00,000, Nitya Rs 90,000 (Rs 3,10,000). Total Rs 5,58,000. Assets:
 Cash at Bank Rs 31,000
 Bills Receivable Rs 54,000
 Book Debts Rs 63,000 less Provision Rs 2,000 = Rs 61,000
 Plant and Machinery Rs 1,20,000
 Land and Building Rs 2,92,000. Total Rs 5,58,000.

Mohan retired on the above date and it was agreed that:

- (i) Plant and machinery will be depreciated by 5%.
- (ii) An old computer previously written off was sold for Rs 4,000.
- (iii) Bad debts amounting to Rs 3,000 will be written off and a provision of 5% on debtors for bad and doubtful debts will be maintained.
- (iv) Goodwill of the firm was valued at Rs 1,80,000 and Mohan's share of the same was credited in his account by debiting Vinay's and Nitya's accounts.
- (v) The capital of the new firm was to be fixed at Rs 90,000 and necessary adjustments were to be made by bringing in or paying off cash as the case may be.
- (vi) Vinay and Nitya will share future profits in the ratio of 3 : 2.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

17. Leena and Rohit are partners in a firm sharing profits in the ratio of 3 : 2. On 31st March, 2018, their Balance Sheet was as follows:

Liabilities: Sundry Creditors Rs 80,000; Bills Payable Rs 38,000; General Reserve Rs 50,000; Capitals:
 Leena Rs 1,60,000, Rohit Rs 1,40,000 (Rs 3,00,000). Total Rs 4,68,000. Assets: Cash Rs 42,000
 Debtors Rs 1,32,000 less Provision Rs 2,000 = Rs 1,30,000
 Stock Rs 1,46,000
 Plant and Machinery Rs 1,50,000. Total Rs 4,68,000.

On the above date Manoj was admitted as a new partner for $\frac{1}{5}$ share in the profits of the firm on the following terms:

- (i) Manoj brought proportionate capital. He also brought his share of goodwill premium of Rs 80,000 in cash.
- (ii) 10% of the general reserve was to be transferred to provision for doubtful debts.
- (iii) Claim on account of workmen's compensation amounted to Rs 40,000.
- (iv) Stock was overvalued by Rs 16,000.
- (v) Leena, Rohit and Manoj will share future profits in the ratio of 5 : 3 : 2.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

18. Under which type of activity will you classify 'Cash advances and loans made to third party' while preparing Cash Flow Statement?

19. State the primary objective of preparing 'Cash Flow Statement'.

20. Under which major headings and subheadings will the following items be presented in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?

- (i) Interest accrued and due on debentures
- (ii) Loose tools
- (iii) Accrued interest on calls in advance
- (iv) Interest due on calls in arrears
- (v) Trademarks
- (vi) Premium on redemption of debentures
- (vii) Plant and Machinery
- (viii) Patents

OR

Explain briefly any four limitations of 'Analysis of Financial Statements.'

21. (i) From the following information calculate Interest Coverage Ratio: Net profit after interest and tax Rs 1,20,000; Rate of income tax 40%; 15% debentures Rs 1,00,000; 12% Mortgage loan Rs 1,00,000.

(ii) A company had Current Assets Rs 3,00,000 and Current Liabilities Rs 1,40,000. Afterwards, it purchased goods worth Rs 20,000 on credit. Calculate the Current Ratio after the purchase of goods.

OR

Quick ratio of a company is 1 : 1. State, with reason, whether the following transactions will increase, decrease or not change the ratio:

- (i) Paid insurance premium in advance Rs 10,000.
- (ii) Purchased goods on credit Rs 8,000.
- (iii) Issued fully paid equity shares of Rs 1,00,000.
- (iv) Issued 9% debentures of Rs 5,00,000 to the vendor for machinery purchased.

22. From the information extracted from the Statement of Profit and Loss for the years ended 31st March, 2017 and 31st March, 2018, prepare a Comparative Statement of Profit and Loss.

Revenue from operations: 2017-18 300% of cost of materials consumed; 2016-17 200% of cost of materials consumed.

Cost of materials consumed: 2017-18 Rs 2,40,000; 2016-17 Rs 2,00,000.

Other expenses: 2017-18 20% of cost of materials consumed; 2016-17 10% of cost of materials consumed.

Tax rate: 50% (both).

23. From the following Balance Sheet of DCX Ltd. and the additional information as at 31st March, 2018 prepare a Cash Flow Statement:

Equity and Liabilities: Share Capital Rs 30,00,000 (PY Rs 21,00,000); Reserves and Surplus Rs 4,00,000 (Rs 5,00,000); Long-term Borrowings Rs 8,00,000 (Rs 5,00,000); Trade Payables Rs 1,50,000 (Rs 1,00,000); Short-term Provisions Rs 76,000 (Rs 56,000). Total Rs 44,26,000 (Rs 32,56,000). Assets: Tangible Assets Rs 27,00,000 (Rs 20,00,000); Intangible Assets Rs 8,00,000 (Rs 7,00,000); Current Investments Rs 89,000 (Rs 78,000); Inventories Rs 8,00,000 (Rs 4,00,000); Cash and cash equivalents Rs 37,000 (Rs 78,000). Total Rs 44,26,000 (Rs 32,56,000).

Notes: R&S = Surplus (P&L); Long-term Borrowings = 8% Debentures; Short-term Provisions = Provision for Tax; Tangible Asset = Machinery less Accumulated Depreciation (Rs 6,00,000 / Rs 5,00,000).

Additional Information: (i) During the year a machinery costing Rs 8,00,000 on which accumulated depreciation was Rs 3,20,000 was sold for Rs 6,40,000. (ii) Debentures were issued on 1st April, 2017.

Part B - Option II

18. What is meant by attributes?

19. What is meant by 'Hardware'?

20. Give four limitations of computerised accounting system.

21. Explain any two sub-systems of accounting information system.

OR

List the elements to be considered while calculating deductions for current payroll for a given period.

22. State the steps to construct Bank Reconciliation Statements in Tally.

OR

Explain composite vs atomic attributes and stored vs derived attributes.

23. What is meant by conditional formatting? Give its two uses and three benefits.

- End of Question Paper -