

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.

Part A

1. A, B and C were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. B retired and his share was taken over by A and C equally. Calculate the gaining ratio.

2. In the absence of a partnership deed, in which ratio do the old partners sacrifice their share of profit in case of admission of a new partner?

OR

Give any two circumstances in which sacrificing ratio may be applied.

3. Why are adjustments for outstanding and prepaid expenses not recorded in Receipts and Payments Account?

OR

Distinguish between 'Receipts and Payments Account' and 'Income and Expenditure Account' on the basis of 'Depreciation'.

4. In the absence of provision in the partnership deed, in which ratio is the deficiency arising out of guarantee of profit to a partner borne by the other partners?

5. Varun and Arun are partners in a firm sharing profits and losses equally. On the date of dissolution of the partnership firm, Varun's wife's loan was Rs 45,000, whereas Arun's loan was Rs 65,000. Which loan will be paid first and why?

6. Differentiate between 'Capital Reserve' and 'Reserve Capital'.

OR

What is meant by Preference Shares?

7. A and B are partners in a firm sharing profits and losses in the ratio of 2 : 1. On 1st April, 2017 they decided to admit C into partnership for 1/4 share in the profits. For this purpose, goodwill was valued at 80% of the average annual profits of the previous four years. The profits of the last four years were: Year ending 31.3.2014 Rs 1,67,000; 31.3.2015 Rs 1,56,000; 31.3.2016 Rs 1,92,000; 31.3.2017 (Rs 10,000).

Calculate the value of goodwill of the firm and the amount of goodwill premium brought by C on his admission.

8. Vinod Limited has 30,000, 12% Debentures of Rs 100 each due for redemption on 31st March, 2018. Debenture Redemption Reserve has a balance of Rs 7,50,000 on 31st March, 2017 and the company had purchased the required investments on 30th April, 2017.

Pass necessary journal entries for redemption of debentures on 31st March, 2018.

9. Nano Ltd. purchased assets of Dow Ltd. for Rs 3,00,000. It also agreed to take over the liabilities of Dow Ltd. amounting to Rs 50,000 for a purchase consideration of Rs 2,75,000. The payment to Dow Ltd. was made by issue of 8% Debentures of Rs 50 each at a premium of 10%. Pass necessary journal entries for the above transactions in the books of Nano Ltd.

OR

On 1st April, 2014, a limited company issued Rs 4,00,000, 9% debentures at 93%, repayable by draw of lots in two equal instalments starting from 31st March, 2017. Prepare Discount on Issue of Debentures Account from 1st April, 2014 to 31st March, 2016.

10. Calculate the amount of stationery to be posted to Income and Expenditure Account of Indian Cultural Society for the year ending 31st March, 2018 from the following information:

Stock of stationery: 1.4.2017 Rs 21,000;

31.3.2018 Rs 18,000.

Creditors for stationery: 1.4.2017 Rs 11,000;

31.3.2018 Rs 23,000.

Stationery purchased during the year ended 31st March, 2018 was Rs 75,000. Also, present the relevant items in the Balance Sheet of the society as at 31st March, 2018.

11. Mita, Gopal and Farhan were partners sharing profits and losses in the ratio 3 : 2 : 1. On 31st March, 2018 they decided to change the profit sharing ratio to 5 : 3 : 2. On this date, the Balance Sheet showed deferred advertisement expenditure Rs 30,000 and contingency reserve Rs 9,000. Goodwill was valued at Rs 4,80,000. Pass the necessary journal entries for the above transactions in the books of the firm on its reconstitution.

12. Shirish, Harit and Asha were partners in a firm sharing profits in the ratio of 5 : 4 : 1. Shirish died on 30th June, 2018. On this date their Balance Sheet was as follows:

Liabilities: Capital: Shirish Rs 1,00,000, Harit Rs 2,00,000, Asha Rs 3,00,000 (Rs 6,00,000); Profits for the year 2017-18 Rs 80,000; Bills Payable Rs 20,000. Total Rs 7,00,000. Assets: Plant and Machinery Rs 5,60,000; Stock Rs 90,000; Debtors Rs 10,000; Cash Rs 40,000. Total Rs 7,00,000.

According to the partnership deed, in addition to deceased partner's capital, his executor is entitled to:

(i) Share in profits in the year of death on the basis of average of last two years' profit. Profit for the year 2016-17 was Rs 60,000.

(ii) Goodwill of the firm was to be valued at 2 years' purchase of average of last two years' profits.

Prepare Shirish's Capital Account to be presented to his executor.

13. Namanjyot Society showed the following position:

Balance Sheet as at 31st March, 2018: Capital Fund Rs 72,000; Subscriptions received in advance Rs 6,000. Total Rs 78,000. Assets: Furniture Rs 40,000; Cash at Bank Rs 30,000; Cash in Hand Rs 8,000. Total Rs 78,000.

Receipts and Payments Account for the year ending 31st March, 2018: Receipts: Balance b/d Cash at Bank Rs 30,000, Cash in Hand Rs 24,000 (Rs 54,000); Sale of old newspapers Rs 900; Locker's Rent Rs 7,000; Interest on Investments Rs 1,600; Entrance Fees Rs 50,000; Life Membership Fees Rs 1,00,000; Membership subscriptions Rs 98,000; Subscriptions for relief fund Rs 17,000. Total Rs 3,28,500. Payments: Computers (1.10.2017) Rs 1,00,000; Office Expenses Rs 29,000; Electric Charges Rs 15,000; Postage and Stationery Rs 9,000; 10% Investments (on 1.12.2017) Rs 60,000; Balance c/d Cash at Bank Rs 80,000, Cash in Hand Rs 35,500 (Rs 1,15,500). Total Rs 3,28,500.

Additional Information:

(i) Computers were to be depreciated @ 60% p.a. and furniture @ 10% p.a.

(ii) Membership subscription included Rs 20,000 received in advance.

(iii) Electric charges outstanding Rs 10,000.

Prepare Income and Expenditure Account for the year ending 31st March, 2018.

14. Adiraj and Karan were partners in a firm sharing profits and losses in the ratio 3 : 2. On 31st March, 2018 the firm was dissolved. After the transfer of assets (other than cash in hand and at bank) and third party liabilities to the Realization Account, the following information was provided:

- (i) Furniture of Rs 70,000 was sold for Rs 68,000 by auction and auctioneer's commission amounted to Rs 2,000.
- (ii) Adiraj's loan amounting to Rs 35,000 was paid.
- (iii) Out of the stock of Rs 80,000, Karan took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.
- (iv) A bills receivable of Rs 3,000 under discount was dishonoured as the acceptor had become insolvent and hence the bill had to be met by the firm.
- (v) Profit and Loss Account showed a debit balance of Rs 56,000.
- (vi) Realization expenses amounted to Rs 2,000 which were paid by Adiraj.

Pass the necessary journal entries for the above transactions on the dissolution of the firm.

15. Shreya and Vivek were partners in a firm sharing profits in the ratio 3 : 2. The balances in their capital and current accounts as on 1st April, 2017 were as under:

Capital accounts: Shreya Rs 3,00,000; Vivek Rs 2,00,000.

Current accounts: Shreya Rs 1,00,000 (Cr.); Vivek Rs 28,000 (Dr.).

The partnership deed provided that Shreya was to be paid a salary of Rs 5,000 p.m. whereas Vivek was to get a commission of Rs 30,000 for the year. Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Shreya were Rs 3,000 at the beginning of each quarter while Vivek withdrew Rs 30,000 on 1st September, 2017. The net profit of the firm for the year before making the above adjustments was Rs 1,20,000.

Prepare Profit and Loss Appropriation Account and Partners' Capital and Current Accounts.

OR

15. Ramesh, Mahesh and Suresh were partners in a firm sharing profits in the ratio of 3 : 3 : 2. Their respective fixed capitals were: Ramesh Rs 5,00,000; Mahesh Rs 4,00,000 and Suresh Rs 3,00,000. They admitted Govind as a new partner for $\frac{1}{5}$ share in the profits. Govind brought Rs 4,00,000 as his capital and the necessary amount for goodwill premium. Their new profit sharing ratio will be 2 : 1 : 1 : 1.

Calculate the value of goodwill of the firm, showing your workings clearly. Pass necessary journal entries for the above transactions on Govind's admission.

16. Sunstar Ltd. invited applications for issuing 2,00,000 equity shares of Rs 50 each. The amount was payable as follows: On Application Rs 15 per share; On Allotment Rs 10 per share; On First and Final Call Rs 25 per share.

Applications for 3,00,000 shares were received. Allotment was made to the applicants as follows: Category I: 2,00,000 applied / 1,50,000 allotted; Category II: 1,00,000 applied / 50,000 allotted. Excess money received with applications was adjusted towards sums due on allotment and calls.

Namita, a shareholder of Category I, holding 3,000 shares failed to pay the allotment money. Her shares were forfeited immediately after allotment. Manav, a shareholder of Category II, who had applied for 1,000 shares failed to pay the first and final call. His shares were also forfeited. All the forfeited shares were reissued at Rs 60 per share fully paid up.

Pass necessary journal entries and prepare Cash Book for the above transactions in the books of Sunstar Ltd.

16. Megha Ltd. invited applications for issuing 90,000 equity shares of Rs 100 each at a premium of Rs 60 per share. The amount was payable as follows: On Application Rs 30 per share (including premium Rs 10); On Allotment Rs 70 per share (including premium Rs 50); On First and Final Call Balance amount.

Applications for 1,00,000 shares were received. Shares were allotted on pro-rata basis to all the applicants. Excess money received with application was adjusted towards sums due on allotment. Sudha, a shareholder holding 4,500 shares, failed to pay the allotment money. Her shares were forfeited immediately after allotment. Afterwards the first and final call was made. Rajat, a holder of 3,600 shares, failed to pay the first and final call. His shares were also forfeited. All the forfeited shares were re-issued for Rs 90 per share fully paid up.

Pass necessary journal entries and prepare Cash Book for the above transactions in the books of Megha Ltd.

17. Raman and Rohit were partners in a firm sharing profits and losses in the ratio of 2 : 1. On 31st March, 2018, their Balance Sheet was as follows:

Liabilities: Capitals:

Raman Rs 1,40,000, Rohit Rs 1,00,000 (Rs 2,40,000)

Workmen Compensation Fund Rs 40,000

Creditors Rs 1,60,000. Total Rs 4,40,000. Assets:

Plant and Machinery Rs 1,75,000

Furniture and Fixtures Rs 65,000

Stock Rs 47,000

Debtors Rs 1,10,000 less Provision for doubtful debts Rs 7,000 = Rs 1,03,000

Bank Balance Rs 50,000. Total Rs 4,40,000.

On the above date, Saloni was admitted in the partnership firm. Raman surrendered $\frac{1}{4}$ of his share and Rohit surrendered $\frac{1}{5}$ of his share in favour of Saloni. It was agreed that:

(i) Plant and machinery will be reduced by Rs 35,000 and furniture and fixtures will be reduced to Rs 58,500.

(ii) Provision for bad and doubtful debts will be increased by Rs 3,000.

(iii) A claim for Rs 16,000 for workmen's compensation was admitted.

(iv) A liability of Rs 2,500 included in creditors is not likely to arise.

(v) Saloni will bring Rs 42,000 as her share of goodwill premium and proportionate capital.

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

17. Sushma, Gautam and Kanika were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2018, their Balance Sheet was as follows:

Liabilities: Creditors Rs 60,000; Employees'

Provident Fund Rs 40,000; Profit and Loss

Account Rs 1,00,000; Capital: Sushma Rs

3,00,000, Gautam Rs 2,50,000, Kanika Rs

3,50,000 (Rs 9,00,000). Total Rs 11,00,000.

Assets: Cash at Bank Rs 1,40,000; Sundry Debtors

Rs 1,60,000; Stock Rs 2,40,000; Investments Rs

2,00,000; Fixed Assets Rs 3,60,000. Total Rs

11,00,000.

On the above date, Sushma retired and it was agreed that:

(i) Fixed Assets will be reduced to Rs 2,90,000.

(ii) A provision of 5% on debtors for bad and doubtful debts will be created.

(iii) Stock was to be valued at Rs 2,18,000.

Sushma took over the stock at this value.

(iv) Goodwill of the firm on Sushma's retirement was valued at Rs 8,00,000. Sushma's share of goodwill was treated by debiting Gautam and Kanika's Capital Accounts.

(v) Sushma was paid cash brought by Gautam and Kanika in such a way that their capitals became in profit sharing ratio and a balance of Rs 58,000 was left in the bank.

(vi) Gautam and Kanika will share the future profits in the ratio of 2 : 3.

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

18. State with reason whether 'cash deposited in bank' will result in inflow, outflow or no flow of cash while preparing Cash Flow Statement.

19. What is meant by 'cash flows from investing activities'?

20. Explain briefly any four objectives of 'Financial Statement Analysis'.

OR

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) Balance of the Statement of Profit and Loss
- (ii) Interest accrued on investments
- (iii) Livestock
- (iv) Licenses and Franchise
- (v) Securities Premium Reserve
- (vi) Trade Marks
- (vii) Work in Progress
- (viii) 9% Debentures repayable during the current year.

21. Calculate opening and closing trade receivables from the following information:

Trade Receivable turnover ratio 4 times; Cost of Revenue from Operations Rs 3,20,000; Gross profit ratio 20%; Closing trade receivables were Rs 15,000 more than opening trade receivables; cash revenue from operations being $33\frac{1}{3}\%$ of credit revenue from operations.

OR

The Quick Ratio of a company is 1.5 : 1. State, giving reasons, which of the following transactions will improve, reduce or not change the quick ratio:

- (i) Purchase of goods for cash
- (ii) Bills payable paid at maturity
- (iii) Sale of goods costing Rs 18,000 for Rs 16,000
- (iv) Cash collected from debtors

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

Revenue from operations: 2017-18 Rs 4,00,000; 2016-17 Rs 5,00,000.

Cost of materials consumed: 2017-18 Rs 2,40,000; 2016-17 Rs 3,50,000.

Other expenses: 2017-18 Rs 1,10,000; 2016-17 Rs 1,30,000.

Tax rate: 50% (both years).

23. From the following Balance Sheet of Mayur 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 20,00,000); Reserves and Surplus Rs 3,00,000 (Rs 4,00,000); Long-term Borrowings Rs 4,00,000 (Rs 3,00,000); Trade Payables Rs 1,70,000 (Rs 2,50,000); Short-term Provisions Rs 76,000 (Rs 64,000). Total Rs 39,46,000 (Rs 30,14,000). Assets: Tangible Assets Rs 29,00,000 (Rs 23,00,000); Intangible Assets Rs 2,70,000 (Rs 1,60,000); Inventories Rs 2,20,000 (Rs 2,30,000); Trade Receivables Rs 1,10,000 (Rs 1,30,000); Cash and Cash Equivalents Rs 4,46,000 (Rs 1,94,000). Total Rs 39,46,000 (Rs 30,14,000).

Notes: R&S = Surplus (P&L); Long-term Borrowings = 9% Debentures; Short-term Provisions = Provision for Tax; Tangible = Machinery Rs 36,00,000 (Rs 28,00,000) less Accumulated Depreciation Rs 7,00,000 (Rs 5,00,000); Intangible = Goodwill.

Additional Information: (i) During the year a machine costing Rs 4,00,000 on which accumulated depreciation was Rs 73,000 was sold for Rs 3,10,000. (ii) 9% Debentures of Rs 1,00,000 were issued on 31st March, 2018.

Part B - Option II

18. Name the 'data element' in accounting transaction.

19. What is meant by 'Primary Key'?

20. State any four requirements which should be considered before making an investing decision to choose between 'Desktop Database' or 'Server Database'.

21. What is meant by a 'Form'? How is 'Split Form' different from 'Simple Form'?

OR

Why is it necessary to have safety features in accounting software? Explain any two tools which provide data security.

22. Explain different types of vouchers.

OR

What is meant by a Graph? Explain its any three advantages.

23. List the functionality and availability of the following key combinations in Tally software:

- (i) F6
 - (ii) F7
 - (iii) F8
 - (iv) CTRL+F8
 - (v) F9
 - (vi) CTRL+F9
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- End of Question Paper -