

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. Differentiate between 'Receipts and Payments Account' and 'Income and Expenditure Account' on the basis of 'Period'.

OR

What is meant by 'Life membership fees'?

2. Dev withdrew Rs 10,000 on 15th day of every month. Interest on drawings was to be charged @ 12% per annum. Calculate interest on Dev's drawings.

3. A and B were partners in a firm sharing profits in the ratio of 3 : 2. C and D were admitted as new partners. A sacrificed $\frac{1}{3}$ of his share in favour of C and B sacrificed 50% of his share in favour of D. Calculate the new profit sharing ratio of A, B, C and D.

4. Distinguish between 'Reconstitution of Partnership' and 'Dissolution of Partnership Firm' on the basis of 'Closure of books'.

OR

State the basis of calculating the amount of profit payable to the legal representative of a deceased partner in the year of death.

5. What is meant by 'Issue of Debentures as Collateral Security'?

OR

State the provision of the Companies Act, 2013 for the creation of Debenture Redemption Reserve.

6. State any two grounds on the basis of which court may order for the dissolution of partnership firm.

7. What is meant by 'over-subscription' of shares? With the help of an example, briefly explain the alternatives available for allotment of shares in case of over-subscription.

OR

What is meant by 'Forfeiture of shares'? When does 'gain on forfeited shares' arise and when is it transferred to capital reserve?

8. Aman, Bimal and Deepak are partners sharing profits in the ratio of 2 : 3 : 5. The goodwill of the firm has been valued at Rs 37,500. Aman retired. Bimal and Deepak decided to share profits equally in future. Calculate gain/sacrifice of Bimal and Deepak on Aman's retirement and also pass necessary journal entry for the treatment of goodwill.

9. From the following information, calculate the amount of subscriptions received by Happy Sports Club during the year ended 31st March, 2018.

Advance Subscription: 31.3.2017 Rs 3,000;
31.3.2018 Rs 4,500.

Outstanding Subscription: 31.3.2017 Rs 4,500;
31.3.2018 Rs 6,000.

The Club has 2,000 members each paying an annual subscription of Rs 500.

10. Pass necessary journal entries and prepare 9% Debentures Account for the issue of 7,500, 9% Debentures of Rs 50 each at a discount of 6%, redeemable at a premium of 10%.

11. The firm of Manjeet, Sujeet and Jagjeet was dissolved on 31st March, 2018. It was agreed that Sujeet will take care of the dissolution related activities and will get 10% of the value of assets realised. Sujeet agreed to bear the realisation expenses. Assets realised Rs 10,00,750 and realisation expenses were Rs 90,000, which were paid from the firm's cash. Rs 4,50,000 were paid to the creditors in full settlement of their claim.

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

12. A and B were partners in a firm sharing profits in the ratio of 5 : 3. Their fixed capitals on 31st March, 2017 were: A Rs 60,000 and B Rs 80,000. They agreed to allow interest on capital @ 12% p.a. The profit of the firm for the year ended 31st March, 2018 before allowing interest on capitals was Rs 12,600.

Pass necessary journal entries for the above transactions in the books of A and B. Also show your working notes clearly.

13. A, B and C were partners sharing profits and losses in the ratio of 2 : 2 : 1. Their Balance Sheet as at 31st March, 2018 was as follows:

Liabilities: Capitals:

A Rs 7,50,000, B Rs 3,00,000, C Rs 2,50,000 (Rs 13,00,000)

Creditors Rs 2,00,000. Total Rs 15,00,000. Assets:

Cash at Bank Rs 3,00,000

Sundry Debtors Rs 1,95,000 less Provision for Bad Debts Rs 5,000 = Rs 1,90,000

Stock Rs 3,00,000

Fixed Assets Rs 7,10,000. Total Rs 15,00,000.

On the above date they dissolved the firm and following amounts were realised:

Fixed Assets Rs 6,75,000; Stock Rs 3,39,000;

Debtors Rs 1,35,000; Creditors were paid Rs 1,85,000 in full settlement of their claim.

Expenses on Realisation amounted to Rs 19,000.

Pass the necessary journal entries on the dissolution of the firm.

OR

13. P, Q and R were partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. On 31st March, 2018 their Balance Sheet was as follows:

Liabilities: Creditors Rs 50,000; General Reserve Rs 60,000; Capital: P Rs 2,00,000, Q Rs 3,00,000, R Rs 3,00,000 (Rs 8,00,000). Total Rs 9,10,000.

Assets: Cash in Hand Rs 40,000; Cash at Bank Rs 2,00,000; Stock Rs 50,000; Debtors Rs 60,000; Fixed Assets Rs 5,60,000. Total Rs 9,10,000.

On the above date the firm was reconstituted and it was decided that:

(i) The new profit sharing ratio will be 2 : 2 : 1.

(ii) Bad debts Rs 6,000 were to be written off and a provision of Rs 3,000 was to be made for bad and doubtful debts.

(iii) The capital of the partners will be adjusted in the new firm in their profit sharing ratio. For this, partners' current accounts will be opened.

Pass the necessary journal entries on the reconstitution of the firm.

14. From the following Receipts and Payments Account and additional information of Swachh Bharat Club, New Delhi for the year ended 31st March, 2018, prepare Income and Expenditure Account and Balance Sheet.

Receipts: Balance b/d Cash Rs 20,000, Bank Rs 40,000 (Rs 60,000); Subscriptions Rs 1,80,000; Sale of old furniture (book value Rs 3,000) Rs 2,000; Life Membership Fees Rs 30,000; Government grants Rs 2,00,000. Total Rs 4,72,000. Payments: Campaign Expenses Rs 1,30,000; Office rent Rs 40,000; Salary Rs 10,000; Furniture hire Rs 12,000; Advertisement Rs 15,000; Fixed deposit (on 1.8.2017 @ 12% p.a.) Rs 2,00,000; Balance c/d Cash Rs 25,000, Bank Rs 40,000 (Rs 65,000). Total Rs 4,72,000.

Additional Information: Assets on 1.4.2017 were Books Rs 50,000; Computers Rs 75,000.

Liabilities and Capital fund on 1.4.2017 were Creditors Rs 60,000; Capital fund Rs 1,28,000.

15. Pass necessary rectifying journal entries for the following omissions committed while preparing Profit and Loss Appropriation Account. You are also required to show your workings clearly.

(i) A, B and C were partners sharing profits and losses equally. Their fixed capitals were A Rs 4,00,000; B Rs 5,00,000 and C Rs 6,00,000. The partnership deed provided that interest on partners' capital will be allowed @ 10% per annum. The same was omitted.

(ii) P, Q and R were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Their partnership deed provided that interest on partners' drawings will be charged @ 18% p.a. Interest on the partners' drawings was Rs 1,000, Rs 500 and Rs 2,000 respectively. The same was omitted.

16. S Ltd. invited applications for issuing 1,00,000 equity shares of Rs 10 each. The shares were issued at a premium of Rs 5 per share. The amount was payable as follows: On Application and Allotment Rs 8 per share (including premium Rs 3); On the First and Final call Balance including premium.

Applications for 1,50,000 shares were received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants on the following basis: (I) Applicants for 80,000 shares were allotted 60,000 shares, and (II) Applicants for 60,000 shares were allotted 40,000 shares.

Excess amount received on application and allotment was to be adjusted against sums due on call. X, who belonged to the first category and was allotted 300 shares, failed to pay the first and final call money. Y, who belonged to the second category and was allotted 200 shares, also failed to pay the first and final call money. Their shares were forfeited. The forfeited shares were reissued @ Rs 12 per share as fully paid-up.

Pass necessary cash book and journal entries for the above transactions in the books of the company.

OR

16. Jain Ltd. invited applications for issuing 1,12,000 equity shares of Rs 10 each at par. The amount per share was payable as follows: On Application Rs 1; On Allotment Rs 2; On First call Rs 3; On Second and Final call Rs 4.

Applications for 1,00,000 shares were received. Shares were fully allotted to all the applicants. Ramesh failed to pay his allotment money which was Rs 2,000. His shares were forfeited immediately. Suresh did not pay the first call on 500 shares applied by him. His shares were forfeited after the first call. The forfeited shares of Ramesh and Suresh were re-issued at Rs 9 per share fully paid up. Afterwards the second and final call was made and was duly received.

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

17. A and B were partners in a firm sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as at 31st March, 2018, was as follows:

Liabilities: Capital: A Rs 1,04,000, B Rs 52,000 (Rs 1,56,000); Creditors Rs 1,54,000; Employees' Provident Fund Rs 16,000; Workmen Compensation Fund Rs 10,000; Contingency Reserve Rs 10,000. Total Rs 3,46,000. Assets: Cash Rs 8,000; Sundry Debtors Rs 37,600 less Provision Rs 1,600 = Rs 36,000; Stock Rs 60,000; Prepaid Insurance Rs 6,000; Plant and Machinery Rs 76,000; Building Rs 1,40,000; Furniture Rs 20,000. Total Rs 3,46,000.

C was admitted as a new partner and brought Rs 64,000 as capital and Rs 15,000 for his share of goodwill premium. The new profit sharing ratio was 5 : 3 : 2.

On C's admission the following was agreed upon:

- (i) Stock was to be depreciated by 5%.
- (ii) Provision for doubtful debts was to be made at Rs 2,000.
- (iii) Furniture was to be depreciated by 10%.
- (iv) Building was valued at Rs 1,60,000.
- (v) Capitals of A and B were to be adjusted on the basis of C's capital by bringing or paying off cash as the case may be.

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

17. G, E and F were partners in a firm sharing profits in the ratio of 7 : 2 : 1. The Balance Sheet of the firm as at 31st March, 2018, was as follows:

Liabilities: Capital: G Rs 1,40,000, E Rs 40,000, F Rs 20,000 (Rs 2,00,000); Creditors Rs 28,000; General Reserve Rs 40,000; Loan from E Rs 60,000. Total Rs 3,28,000. Assets: Cash Rs 90,000; Sundry Debtors Rs 24,000; Stock Rs 14,000; Machinery Rs 80,000; Land and Building Rs 1,20,000. Total Rs 3,28,000.

E retired on the above date. On E's retirement the following was agreed upon:

- (i) Land and Building were revalued at Rs 1,88,000, Machinery at Rs 76,000 and Stock at Rs 10,000 and goodwill of the firm was valued at Rs 90,000.
- (ii) A provision of 2.5% was to be created on debtors for doubtful debts.
- (iii) The net amount payable to E was transferred to his loan account to be paid later on.
- (iv) Total capital of the new firm was fixed at Rs 2,40,000 which will be adjusted according to their new profit sharing ratio by opening current accounts.

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

18. When can 'Receipt of Dividend' be classified as an operating activity? State. Also give reason in support of your answer.

19. What is meant by 'Cash Flow Statement'?

20. Under which major heads and sub-heads will the following items be placed in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013?

- (i) Cheques and Bank Drafts in Hand
- (ii) Loose tools
- (iii) Securities Premium Reserve
- (iv) Long-Term Investments with maturity period less than six months
- (v) Work-in-Progress
- (vi) Mining Rights
- (vii) Publishing titles
- (viii) Debtors.

OR

Explain the importance of financial analysis for (i) labour unions, and (ii) creditors.

21. Prepare a Comparative Income Statement of Bikul Ltd. with the help of the following information:

Revenue from operations: 2016-17 Rs 10,00,000; 2017-18 Rs 16,00,000.

Cost of materials consumed: 2016-17 Rs 5,00,000; 2017-18 Rs 10,00,000.

Employee benefit expenses: 2016-17 Rs 80,000; 2017-18 Rs 40,000.

Other indirect expenses: 2016-17 Rs 60,000; 2017-18 Rs 80,000.

Income Tax Rate 40%.

22. The operating ratio of a company is 80%. State whether the following transactions will increase, decrease or not change the ratio:

- (i) Purchased goods on credit Rs 20,000
- (ii) Paid wages Rs 5,000
- (iii) Redeemed Rs 8,000, 9% debentures
- (iv) Sold goods Rs 50,000 for cash

OR

From the following information of Shiva Ltd., calculate total assets to debt ratio:

Equity Share Capital Rs 5,00,000; 9% Preference Share Capital Rs 4,00,000; Fixed Assets Rs 12,00,000; Non-Current Investments Rs 1,50,000; Reserves and Surplus Rs 2,40,000; Current Assets Rs 1,90,000; Current Liabilities Rs 1,00,000.

23. The following is the Balance Sheet of R.M. Ltd. as at 31st March, 2017. Prepare a Cash Flow Statement:

Equity and Liabilities: Share Capital Rs 15,00,000 (PY Rs 10,00,000); Reserves and Surplus (Surplus i.e. Balance in P&L) Rs 7,50,000 (Rs 6,00,000); Long-term Borrowings (9% Debentures) Rs 1,00,000 (Rs 2,00,000); Trade Payables Rs 1,00,000 (Rs 1,10,000); Short-term Provisions (Provision for Tax) Rs 95,000 (Rs 80,000). Total Rs 25,45,000 (Rs 19,90,000). Assets: Tangible Assets (Plant and Machinery less Accumulated Depreciation Rs 2,00,000 / Rs 2,40,000) Rs 10,10,000 (Rs 9,00,000); Intangible Assets (Goodwill) Rs 2,80,000 (Rs 2,00,000); Non-Current Investments Rs 5,00,000 (nil); Inventories Rs 1,80,000 (Rs 1,00,000); Trade Receivables Rs 2,00,000 (Rs 1,50,000); Cash and Cash Equivalents Rs 3,75,000 (Rs 6,40,000). Total Rs 25,45,000 (Rs 19,90,000).

Cash and Cash Equivalents = Cash in Hand Rs 70,000 (Rs 3,50,000) + Bank Balance Rs 3,05,000 (Rs 2,90,000).

Additional Information: (i) During the year, a machine costing Rs 80,000 on which accumulated depreciation was Rs 50,000 was sold for Rs 30,000. (ii) 9% Debentures were redeemed on 31st March, 2017.

Part B - Option II

18. What is meant by a 'Label'?

19. What is meant by 'Block Codes'?

20. State the steps in the installation of computerised accounting system.

21. Differentiate between 'desktop database' and 'server database'.

OR

State the features of a good accounting software.

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

OR

Name the value which represents absence of data. Also state the situation which may require the use of these values.

23. Nisan Ltd. purchased an embossing machine for Rs 1,50,000. They paid Rs 50,000 as installation and transport expenses. Assuming its salvage value at the end of 5 years as Rs 25,000, calculate depreciation by using Straight Line Method and its rate using formulas in MS Excel.

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