

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 not-for-profit organisation prepares three financial statements, one of which is the Income and Expenditure Account. Name the other two financial statements prepared by it.

OR

State the basis of preparing 'Income and Expenditure Account'.

2. S, B and J were partners in a firm. T was admitted as a partner in the partnership firm for a share of profits. Calculate the sacrificing ratio of S, B and J.

3. At the time of dissolution of a partnership firm, the book value of sundry assets transferred to Realisation Account was Rs 2,00,000. 50% of these sundry assets were taken by partner A at 20% discount, 40% of remaining assets were sold at a profit of 30% on cost. 5% of the balance was found obsolete and realised nothing. The remaining assets were taken over by a creditor in full settlement of his claim.

Pass necessary journal entries for the above.

4. Give the accounting entry for unrecorded assets in case of reconstitution of a partnership firm.

5. What is meant by 'Reserve Capital'?

OR

Name the sources that may be available for redemption of debentures.

6. State the two situations under which interest on capital is generally provided.

OR

Distinguish between Fixed Capital Account and Fluctuating Capital Account on the basis of 'Credit Balance'.

7. State any three purposes other than 'writing off the preliminary expenses of the company' for which Securities Premium Reserve can be utilised.

OR

Using imaginary figures, present the share capital of a company in its Balance Sheet according to the provisions of Schedule III of the Companies Act, 2013.

8. The goodwill of a firm was to be valued at two years' purchase of the average profits of the last three years. The profits were as under:

2014-15: Rs 20,000 (including an abnormal gain of Rs 5,000)

2015-16: Rs 40,000 (after charging an abnormal loss of Rs 10,000)

2016-17: Rs 40,000

Calculate the amount of goodwill.

9. From the following information, calculate the amount of subscription to be credited in the Income and Expenditure Account of Bharat Sports Club for the year ending 31.3.2018.

Advance Subscription: 31 March 2017 Rs 8,000; 31 March 2018 Rs 9,500.

Outstanding Subscription: 31 March 2017 Rs 7,000; 31 March 2018 Rs 12,500.

During the year, the club received Rs 1,20,000 as subscription which included Rs 5,000 for the year ending 31st March, 2017.

10. On 1st April, 2011, XYZ, a banking company issued 25,000, 9% Debentures of Rs 100 each at a discount of 5% redeemable at a premium of 10%. These debentures were redeemable on 31st March, 2018. The company created the necessary minimum amount of Debenture Redemption Reserve and purchased the required amount of debenture redemption investments as per the provisions of Companies Act, 2013.

Pass necessary journal entries for redemption of debentures.

11. V and S are partners in a firm sharing profits and losses in the ratio of 5 : 3. They admitted G as a new partner for 1/4 share of profits. G brought Rs 20,000 as capital and Rs 4,000 as his share of goodwill premium. Give necessary journal entries:

- (i) when the amount of goodwill premium was retained in the business, and
- (ii) when the amount of goodwill premium was fully withdrawn.

12. A, B and C were partners in a firm. A died on 31.3.2018 and the Balance Sheet of the firm on that date was as under:

Liabilities: Creditors Rs 7,000; General Reserve Rs 9,000; Workmen's Compensation Fund Rs 10,000; Profit and Loss Account Rs 6,000; Capital: A Rs 40,000, B Rs 30,000, C Rs 20,000 (Rs 90,000). Total Rs 1,22,000. Assets: Cash at Bank Rs 12,000; Debtors Rs 32,000; Furniture Rs 30,000; Plant Rs 40,000; Patents Rs 8,000. Total Rs 1,22,000.

On A's death it was found that patents were valueless, furniture was to be brought down to Rs 24,000, plant was to be reduced by Rs 10,000 and there was a liability of Rs 7,000 on account of workmen's compensation.

Pass the necessary journal entries for the above at the time of A's death.

13. A, B and C were partners. Their fixed capitals were Rs 60,000, Rs 40,000 and Rs 20,000 respectively. Their profit sharing ratio was 2 : 2 : 1. According to the partnership deed, they were entitled to interest on capital @ 5% p.a. In addition, B was also entitled to draw a salary of Rs 1,500 per month. C was entitled to a commission of 5% on the profits after charging the interest on capital, but before charging the salary payable to B. The net profits for the year, Rs 80,000, were distributed in the ratio of their capitals without providing for any of the above adjustments.

Showing your workings clearly, pass the necessary adjustment entry.

OR

13. T and N were partners in a firm. On 31st March, 2018 they decided to admit M as a new partner. On 31st March, 2018 the Balance Sheet of T and N stood as follows:

Liabilities: Creditors Rs 18,000; General Reserve Rs 2,000; Capital: T Rs 30,000, N Rs 15,000 (Rs 45,000). Total Rs 65,000. Assets: Cash at Bank Rs 1,000; Debtors Rs 40,000; Stock Rs 6,000; Furniture Rs 3,000; Freehold Property Rs 15,000. Total Rs 65,000.

They agreed to admit M as a new partner subject to the following terms and conditions:

- (i) M will bring in Rs 20,000 of which Rs 4,500 will be treated as his share of goodwill premium to be retained in the business.
- (ii) M will be entitled to 1/4 share of the profits in the firm.
- (iii) A provision for doubtful debts was to be created at 5% on the debtors.
- (iv) Furniture was to be depreciated by 5%.
- (v) Stock was to be revalued at Rs 5,000.

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

14. A, B and C were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. On 1.4.2017 the balances in their Capital and Current Accounts were as follows:

Capital Accounts: A Rs 4,00,000 Cr.; B Rs

5,00,000 Cr.; C Rs 6,00,000 Cr.

Current Accounts: A Rs 20,000 Dr.; B Rs 10,000 Dr.; C Rs 15,000 Dr.

Their partnership deed provided for the following: (i) Interest on Capital @ 9% p.a.; (ii) Salary to A @ Rs 50,000 per quarter.

On 1.1.2016 C had given a loan of Rs 2,00,000 to the firm at 6% per annum interest. During the year their drawings were A Rs 40,000, B Rs 75,000 and C Rs 55,000. On 1.1.2018, A introduced further capital Rs 2,00,000. The net profit of the firm before allowing interest on C's loan was Rs 4,00,000.

Prepare Profit and Loss Appropriation Account of the firm for the year ending 31.3.2018 and the Current Accounts of the partners.

15. Following is the summary of cash transactions of Good Health Club for the year ending 31.3.2018:

Opening Balance — Cash Rs 70,000; Bank Rs 3,00,000. Subscriptions Received: 2016-17 Rs 40,000; 2017-18 Rs 3,75,000; 2018-19 Rs 20,000. Donations for Gym Rs 1,64,000; Admission Fees Rs 14,000; Life Membership Fee Rs 45,000; Wages and Salaries Rs 55,000; Locker Rent Rs 11,000; Invested in 9% debentures of XYZ Ltd. Rs 2,40,000; Health Journals Rs 5,000; Stationery Rs 12,500; Insurance Premium Rs 6,760; Courier Charges Rs 800; Municipal Taxes Rs 9,570; Machinery Purchased Rs 38,000; Sale of Old Newspapers Rs 300; Interest on Bank Balance Rs 1,740; Cash in Hand Rs 43,000.

From the above summary prepare a Receipts and Payments Account of Good Health Club for the year ending 31.3.2018.

16. Michael, Jackson and John were partners in a firm sharing profits in the ratio of 3 : 1 : 1. On 31st March, 2017, they decided to dissolve their firm. On that date their Balance Sheet was as follows:

Liabilities: Creditors Rs 11,500; Loan Rs 3,500;

Capital: Michael Rs 50,000, Jackson Rs 25,000, John Rs 14,000 (Rs 89,000). Total Rs 1,04,000.

Assets: Bank Rs 6,000; Debtors Rs 48,400 less

Provision for Doubtful Debts Rs 2,400 = Rs

46,000; Stock in Trade Rs 16,000; Furniture Rs

2,000; Sundry Assets Rs 34,000. Total Rs

1,04,000.

It was agreed that:

(i) Michael was to take over Furniture at Rs 2,600 and Debtors amounting to Rs 40,000 at Rs 34,400 and the Creditors of Rs 10,000 were to be paid by him at this figure.

(ii) Jackson was to take over all the stock in trade at Rs 14,000 and some of the other Sundry Assets at Rs 28,800 (being 10% less than book value).

(iii) John was to take over the remaining Sundry Assets at 90% of the book value and assumed the responsibility for the discharge of the loan.

(iv) The remaining debtors were sold to a debt collecting agency for 50% of the book value. The expenses of dissolution Rs 600 were paid by John.

Prepare Realisation Account, Bank Account and Partners' Capital Accounts.

OR

16. N, S and B were partners in a firm sharing profits and losses in proportion of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$ respectively. The Balance Sheet of the firm as at 31st March, 2017 was as follows:

Liabilities: Capital: N Rs 30,000, S Rs 30,000, B Rs 28,000 (Rs 88,000); Bills Payable Rs 12,000; General Reserve Rs 12,000; Sundry Creditors Rs 18,000. Total Rs 1,30,000. Assets: Freehold Premises Rs 40,000; Machinery Rs 30,000; Furniture Rs 12,000; Stock Rs 22,000; Sundry Debtors Rs 20,000 less Provision for Bad Debts Rs 1,000 = Rs 19,000; Cash Rs 7,000. Total Rs 1,30,000.

B retired from the business on the above date and the partners agreed to the following:

- (i) Freehold premises and stock were to be appreciated by 20% and 15% respectively.
- (ii) Machinery and furniture were to be depreciated by 10% and 7% respectively.
- (iii) Provision for bad debts was to be increased by Rs 1,500.
- (iv) On B's retirement goodwill of the firm was valued at Rs 21,000.
- (v) The continuing partners decided to adjust their capitals in their new profit-sharing ratio after retirement of B. Surplus/deficit, if any, in their capital accounts was to be adjusted through their current accounts.

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

17. Royal Ltd. invited applications for issuing 2,00,000 equity shares of Rs 10 each at a premium of 25% payable with application. Applications for 4,50,000 shares were received. Applications for 1,00,000 shares were rejected and money refunded. Pro-rata allotment was made to the remaining applicants. The amount per share was payable as follows:

On Application: Rs 4 per share including premium; On Allotment: Rs 3.50 per share; Balance on 1st and Final Call.

Excess application money received with applications was adjusted with sums due on allotment. Application money in excess of sums due on allotment, if any, was refunded. Raghu, who had applied for 7,000 shares failed to pay allotment money. His shares were forfeited immediately after allotment. Afterwards the first and final call was made. Nandan, who had applied for 10,500 shares, failed to pay the first and final call. His shares were also forfeited. All the forfeited shares were reissued at Rs 11.50 fully paid up, to Meeta.

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

OR

17. Saral Ltd. invited applications for issuing 25,000 equity shares of Rs 100 each at par. The amount per share was payable as follows:

On Application Rs 20 per share; On Allotment Rs 30 per share; On First Call Rs 25 per share; On Second and Final Call Rs 25 per share.

Applications were received for 24,000 shares and the shares were allotted to all the applicants. All calls were made and were received as follows:

On 18,000 shares: Full amount; On 2,000 shares: Rs 75 per share; On 2,500 shares: Rs 50 per share; On 1,500 shares: Rs 20 per share.

The company forfeited those shares on which less than Rs 75 per share were received. The forfeited shares were reissued at Rs 95 per share fully paid up.

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

18. What is meant by 'operating activities'?

19. State any two objectives of preparing 'Cash Flow Statement'.

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

- (i) Bank Overdraft
- (ii) Subsidy Reserve
- (iii) Capital Redemption Reserve
- (iv) Mining Rights
- (v) Patents
- (vi) Debit balance in the Statement of Profit and Loss
- (vii) Debenture Redemption Reserve
- (viii) Provision for Taxation.

OR

Explain briefly the importance of financial analysis for (i) Financial Manager, and (ii) Top Management.

21. From the following information prepare Comparative Balance Sheet of X Ltd.:

Share Capital: 31.3.2017 Rs 25,00,000;
31.3.2016 Rs 25,00,000.
Reserves and Surplus: 31.3.2017 Rs 6,00,000;
31.3.2016 Rs 10,00,000.
Long-term Borrowings: 31.3.2017 Rs 16,00,000;
31.3.2016 Rs 15,00,000.
Current Liabilities: 31.3.2017 Rs 5,00,000;
31.3.2016 Rs 4,50,000.
Fixed Assets: 31.3.2017 Rs 35,00,000; 31.3.2016
Rs 25,00,000.
Investments (Non-Current): 31.3.2017 Rs
10,50,000; 31.3.2016 Rs 15,00,000.
Current Assets: 31.3.2017 Rs 6,50,000; 31.3.2016
Rs 14,50,000.

22. From the following balances obtained from the books of Heera Ltd. calculate proprietary ratio:

Plant and Machinery Rs 10,00,000; Land and Building Rs 6,00,000; Motor Car Rs 8,00,000; Furniture Rs 1,50,000; Stock Rs 4,50,000; Debtors Rs 90,000; Cash at Bank Rs 3,40,000; Non-Current Liabilities Rs 10,00,000; Current Liabilities Rs 6,20,000.

OR

Assuming that the Debt to Equity ratio of a company is 0.50, state whether this ratio would increase, decrease or remain unchanged in the following cases:

- (i) Purchase of fixed assets on a credit of 3 months
- (ii) Issue of new shares for cash
- (iii) Purchased machinery and paid to the vendors by issue of equity shares
- (iv) Obtained 8% long-term loan.

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

Equity and Liabilities: Share Capital Rs 6,30,000 (PY Rs 5,60,000); Reserves and Surplus Rs 3,80,000 (Rs 1,82,000); Trade Payables Rs 2,08,000 (Rs 1,82,000); Other Current Liabilities Rs 14,000 (Rs 28,000). Total Rs 12,32,000 (Rs 9,52,000). Assets: Tangible Assets Rs 3,92,000 (Rs 2,80,000); Inventories Rs 1,26,000 (Rs 1,82,000); Trade Receivables Rs 6,30,000 (Rs 4,20,000); Cash and Cash Equivalents Rs 84,000 (Rs 70,000). Total Rs 12,32,000 (Rs 9,52,000).

Notes: R&S = Balance in P&L Rs 2,00,000 (Rs 1,00,000) + General Reserve Rs 1,80,000 (Rs 82,000); Tangible Assets = Machinery Cost Rs 4,50,000 (Rs 3,60,000) less Accumulated Depreciation Rs 58,000 (Rs 80,000).

Additional Information: An old machinery costing Rs 42,000, on which accumulated depreciation was Rs 28,000 was sold for Rs 56,000.

Part B - Option II

18. What is meant by 'Parameter Queries'?

19. What is meant by 'Label'?

20. Give the meaning of a 'Graph'. Explain its three advantages.

21. Explain four advantages expected by the user for paying a high price for a chosen server database.

OR

What is meant by a 'voucher'? Explain different types of vouchers.

22. Explain 'Sequential' and 'Mnemonic' codes.

OR

State the steps to construct Bank Reconciliation Statement in Tally.

23. What is meant by 'Conditional Formatting'? Explain its benefits.

- End of Question Paper -