

# Sample Question Paper

## Accountancy (055): Class XII: 2017-18

Time: 3 Hours

Maximum Marks: 80

### General Instructions:

- 1) This question paper contains two parts- A and B.
- 2) Part A is compulsory for all.
- 3) Part B has two options- 'Analysis of Financial Statements' and 'Computerised Accounting'.
- 4) Attempt any one option of Part B.
- 5) All parts of a question should be attempted at one place.

### Part A

#### (Accounting for Partnership Firms and Companies)

1. Six friends started a partnership business by investing Rs. 2,00,000 each. They decided to share profit equally. Name the terms by which they will be called individually and collectively. 1
  
2. A, B and C were partners in a firm sharing profits in the ratio of 3 : 2 : 1. B was guaranteed a profit of Rs. 2,00,000. During the year the firm earned a profit of Rs. 84,000. Calculate the net amount of Profit / Loss transferred to the capital accounts of A and C. 1
  
3. H, P and S were partners in a firm sharing profits in the ratio of 4 : 3 : 3. On August 1, 2017, P died. His 20 % share was acquired by H and remaining by S. Calculate the new profit sharing ratio. 1
  
4. How is dissolution of partnership different from dissolution of partnership firm? 1
  
5. Why are irredeemable debentures also known as perpetual debentures? 1
  
6. Distinguish between shares and debentures on the basis of convertibility. 1
  
7. K K Limited obtained a loan of Rs. 10,00,000 from State Bank of India @ 9 % interest. The company issued Rs. 15,00,000 9 % debentures in favour of State Bank of India as collateral security. Pass necessary Journal entries for the above transactions:
  - (i) When company decided not to record the issue of 9 % Debentures as collateral security.
  - (ii) When company decided to record the issue of 9 % Debentures as collateral security.

8. P, Q and R were partners sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on March 31 every year. On June 30, 2017, R died. The following information is provided on R's death:
- Balance in his capital account in the beginning of the year was Rs. 6,50,000.
  - He withdrew Rs. 60,000 on May 15, 2017 for his personal use.

On the date of death of a partner the partnership deed provided for the following:

- Interest on capital @ 10 % per annum.
- Interest on drawings @ 12 % per annum.
- His share in the profit of the firm till the date of death, to be calculated on the basis of the rate of Net Profit on Sales of the previous year, which was 25 %. The Sales of the firm till June 30, 2017 were Rs. 6,00,000.

Prepare R's Capital Account on his death to be presented to his executors.

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9. M M Limited is registered with an Authorised capital of Rs. 200 Crores divided into equity shares of Rs. 100 each. The Subscribed and Called up capital of the company is Rs. 10,00,00,000. The company decided to help the unemployed youth of the naxal affected areas of Andhra Pradesh, Chhattisgarh and Odisha by opening 100 'Skill Development Centres'. The company also decided to provide free medical services to the villagers of these states by starting mobile dispensaries. To meet the capital expenditure of these activities the company issued 1,00,000 equity shares. These shares were fully subscribed and paid.

Present the share capital of the company in its Balance Sheet. Also identify any two values that the company wants to propagate.

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10. V K Limited purchased machinery from Modern Equipment Manufacturers Limited. The company paid the vendors by issue of some equity shares and debentures and the balance through an acceptance in their favour payable after three months. The accountant of the company while Journalising the above mentioned transactions left some items blank. You are required to fill in the blanks.

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V K Limited  
Journal

Date	Particulars	L F	Dr. Amount (Rs.)	Dr. Amount (Rs.)
	Machinery Account Dr. To ..... (Purchased machinery for Rs. 7,00,000 from Modern Equipment Manufacturers Limited )		.....	.....
	Modern Equipment Manufacturers Ltd. A/C Dr. Loss on Issue of 9 % Debentures Account Dr. To ..... To ..... To Securities Premium Account To Premium on Redemption of Debentures A/C (Issued Rs. 1,00,000 9 % debentures at a discount of 10 % redeemable at a premium of 10 % and 50,000 equity shares of Rs. 10 each issued at a premium of 15 %)		..... .....	..... ..... ..... .....

.....	Dr.		.....	.....
To .....				
(.....)				

11. E, F and G were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On September 30, 2017, their firm was dissolved. On the date of dissolution, the Balance Sheet of the firm was as follows:

**Balance Sheet**  
as at March 31, 2017

Liabilities	Rs.	Assets	Rs.
Capitals:		G's Capital	500
E	1,30,000	Profit & Loss Account	10,000
F	<u>1,00,000</u>	Land & Building	1,00,000
Creditors	45,000	Furniture	50,000
Outstanding Expenses	17,000	Machinery	90,000
		Debtors	36,500
		Bank	5,000
	<u>2,92,000</u>		<u>2,92,000</u>

F was appointed to undertake the process of dissolution for which he was allowed a remuneration of Rs. 5,000. F agreed to bear the dissolution expenses. Assets realized as follows:

- (i) The Land & Building was sold through a property dealer at a price of 110% of the book value. A Commission of 1% on the selling price of Land & Building was paid to the property dealer.
- (ii) Furniture was sold at 25% of book value.
- (iii) Machinery was sold as scrap for Rs. 9,000.

Creditors were payable on an average of 3 months from the date of dissolution. On discharging the Creditors on the date of dissolution, they allowed a discount of 5%.

Pass necessary Journal entries for dissolution in the books of the firm.

12. A, B & C were partners in a firm sharing profits & losses in the ratio of 3 : 2 : 1. On March 31, 2017, their Balance Sheet was as follows:

Balance Sheet

as at March 31, 2017

Liabilities	Rs.	Assets	Rs.
Capitals:		Fixed Assets	1,80,000
A	50,000	Current Assets	35,000
B	40,000		
C	<u>30,000</u>		
Reserve Fund	18,000		
Creditors	27,000		
Employees Provident Fund	50,000		
	2,15,000		2,15,000

From April 1, 2017, they decided to share future profits equally. For this purpose the followings were agreed upon:

- (i) Goodwill of the firm was valued at Rs. 3,00,000.
- (ii) Fixed Assets will be depreciated by 10%.
- (iii) After doing the above adjustments the capitals of the partners will be in proportion to their new profit sharing ratio. For this purpose Current Accounts will be opened.

Pass necessary Journal entries for the above transactions in the books of the firm. 4

13. L, M and N are partners in a firm sharing profits & losses in the ratio of 2 : 3 : 5.

On April 1, 2016 their fixed capitals were Rs. 2,00,000, Rs. 3,00,000 and Rs. 4,00,000 respectively. Their partnership deed provided for the following:

- (i) Interest on capital @ 9% per annum.
- (ii) Interest on Drawings @ 12% per annum.
- (iii) Interest on partners' loan @ 12% per annum.

On July 1, 2016, L brought Rs. 1,00,000 as additional capital and N withdrew Rs. 1,00,000 from his capital. During the year L, M and N withdrew Rs. 12,000, Rs. 18,000 and Rs. 24,000 respectively for their personal use. On January 1, 2017 the firm obtained a Loan of Rs. 1,50,000 from M. The Net profit of the firm for the year ended March 31, 2017 after charging interest on M's Loan was Rs. 85,000.

Prepare Profit & Loss Appropriation Account and Partners Capital Account.

14. Pass necessary Journal entries in the books of P P Limited for the issue of debentures in the following cases:

(a) Issued 500 9% debentures of Rs. 100 each at a discount of 6% redeemable at a premium of 9%.

(b) Issued Rs. 10,00,000 9% debentures of Rs. 100 each at a premium of Rs. 20 per debenture redeemable at a premium of Rs. 10 per debenture.

(c) Issued 3,000 8% debentures of Rs. 100 each at a discount of Rs. 15,000 redeemable at a premium of 5%. 6

15. On April 1, 2013, XY Limited issued Rs. 9,00,000 10% debentures at a discount of 9%. The debentures were to be redeemed in three equal annual instalments starting from March 31, 2015. Prepare 'Discount on Issue of Debenture Account' for the first three years starting from April 1, 2013. Also show your workings clearly. 6

16. ZX Limited invited applications for issuing 5,00,000 Equity shares of Rs. 10 each payable at a premium of Rs. 10 each payable with Final call. Amount per share was payable as follows:

	Rs.
On Application	2
On Allotment	3
On First Call	2
On Second & Final Call	Balance

Applications for 8,00,000 shares were received. Applications for 50,000 shares were rejected and the application money was refunded. Allotment was made to the remaining applicants as follows:

Category	Number of Shares Applied	Number of Shares Allotted
I	2,00,000	1,50,000
II	5,50,000	3,50,000

Excess application money received with applications was adjusted towards sums due on allotment. Balance, if any was adjusted towards future calls. Govind, a shareholder belonging to category I, to whom 1,500 shares were allotted paid his entire share money with application. Manohar belonging to category II had applied for 11,000 shares failed to pay 'Second & Final Call money'. Manohar's shares were forfeited after the final call. The forfeited shares were reissued at Rs. 10 per share as Rs. 7 paid up.

Assuming that the company maintains "Calls in Advance Account" and "Calls in Arrears Account", pass necessary Journal entries for the above transactions in the books of ZX Limited. 8

OR

(a) AX Limited forfeited 6,000 shares of Rs. 10 each for non-payment of First call of Rs. 2 per share. The Final call of Rs. 3 per share was yet to be made. Of the forfeited shares 4,000 shares were reissued at Rs. 9 per share as fully paid up. Assuming that the company

maintains 'Calls in Advance Account' and 'Calls in Arrears Account', prepare "Share Forfeited Account" in the books of AX Limited.

(b) BG Limited issued 2,00,000 equity shares of Rs. 20 each at a premium of Rs. 5 per share. The shares were allotted in the proportion of 5 : 4 of shares applied and allotted to all the applicants. Deepak, who had applied for 900 shares, failed to pay Allotment money of Rs. 7 per share (including premium) and on his failure to pay 'First & Final Call' of Rs. 2 per share, his shares were forfeited. 400 of the forfeited shares were reissued at Rs. 15 per share as fully paid up. Showing your working clearly, pass necessary Journal entries for the forfeiture and reissue of Deepak's shares in the books of BG Limited. The company maintains 'Calls in Arrears' Account'.

(c) ML Limited forfeited 1,200 shares of Rs. 10 each allotted to Ravi for Non-payment 'Second & Final Call' of Rs. 5 per share (including premium of Rs. 2 per share). The forfeited shares were reissued for Rs. 10,800 as fully paid up.

Pass necessary Journal entries for reissue of shares in the books of ML Limited.

17. A, B & C were partners in a firm sharing profits & losses in proportion to their fixed capitals. Their Balance Sheet as at March 31, 2017 was as follows:

Balance Sheet  
as at March 31, 2017

Liabilities	Rs.	Assets	Rs.
Capitals:		Bank	21,000
A	5,00,000	Stock	9,000
B	3,00,000	Debtors	15,000
C	<u>2,00,000</u>	Less: Provision D. D.	<u>1,500</u>
	10,00,000		13,500
General Reserve	75,000	A's Loan	35,500
Creditors	23,000	Plant & Machinery	2,00,000
Outstanding Salary	7,000	Land & Building	6,00,000
B's Loan	15,000	Profit & Loss Account	2,41,000
	<u>11,20,000</u>		<u>11,20,000</u>

On the date of above Balance Sheet, C retired from the firm on the following terms:

- (i) Goodwill of the firm will be valued at two years purchase of the Average Profits of last three years. The Profits for the year ended March 31, 2015 & March 31, 2016 were Rs. 4,00,000 & Rs. 3,00,000 respectively.
- (ii) Provision for Bad Debts will be maintained at 5% of the Debtors.
- (iii) Land & Building will be appreciated by Rs. 90,000 and Plant & Machinery Will be reduced to Rs. 1,80,000.
- (iv) A agreed to repay his Loan.

- (v) The loan repaid by A was to be utilized to pay C. The balance of the amount payable to C was transferred to his Loan Account bearing interest @ 12% per annum.

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

8

OR

P & K were partners in a firm. On March 31, 2017 their Balance Sheet was as follows:

Balance Sheet  
as at March 31, 2017

Liabilities	Rs.	Assets	Rs.
Capitals:		Bank	18,000
P	3,00,000	Stock	19,000
K	<u>2,00,000</u>	Debtors	22,000
General Reserve	1,00,000	Less: Provision D. D.	<u>1,500</u>
Creditors	50,000	Unexpired Insurance	5,000
Outstanding Expenses	8,000	Shares in K Limited	65,000
C's Loan	1,20,000	Plant & Machinery	1,45,500
Profit & Loss Account (Profit for 2016-17)	55,000	Land & Building	5,60,000
	<u>8,33,000</u>		<u>8,33,000</u>

On April 1, 2017, they decided to admit C as a new partner for 1/4<sup>th</sup> share in profits on the following terms:

- (i) C's Loan will be converted into his capital.
- (ii) C will bring his share of goodwill premium in Cash. Goodwill of the firm will be calculated on the basis of Average Profits of previous three years. Profits for the year ended March 31, 2015 and March 31, 2016 were Rs. 65,000 and Rs. 1,00,000 respectively.
- (iii) 10% depreciation will be charged on Plant & Machinery and Land & Building will be appreciated by 5%.
- (iv) Capitals of P & K will be adjusted on the basis C's capital. Actual cash will be bought in or paid off as the case may be.

Pass necessary Journal entries on C's admission.

Part B

Option I

(Analysis of Financial Statements)

18. Give any two examples of cash inflows from operating activities other than cash receipts from sale of goods & rendering of services. 1

19. P P Limited is Share Broker Company. G G Limited is engaged in manufacturing of packaged food. P P Limited purchased 5,000 equity shares of Rs. 100 each of Savita Limited. G G Limited also purchased 10,000 equity shares of Rs. 100 each of Savita Limited.

For the purpose of preparing their respective Cash Flow Statements, under which category of activities the purchase of shares will be classified by P P Limited and G G Limited? 1

20. M K Limited is a computer hardware manufacturing company. While preparing its accounting records it takes into consideration the various accounting principles and maintains transparency. At the end of the accounting year, the company follows the 'Companies Act and Rules, 2013' for the preparation of its Financial Statements. It also prepares its Income Statement and Balance Sheet as per the format provided in Schedule III to the Act. Its Financial Statements depict its fair & true financial position. For the financial year ending March 31, 2017, the accountant of the company is not certain about the presentation of the following items under relevant Major Heads & Sub Heads, if any, in its Balance Sheet:

(i) Securities Premium Reserve

(ii) Calls in Advance

(iii) Stores & Spares

(a) Advise the accountant of the company under which Major Heads and Sub Heads, if any, he should present the above items in the Balance Sheet of the company,

(b) List any two values that the company is observing in the maintenance of its accounting records and preparation of its financial statements. 4

21. For the year ended March 31, 2017, Net Profit after tax of K X Limited was Rs. 6,00,000. The company has Rs. 40,00,000 12% Debentures of Rs. 100 each. Calculate Interest Coverage Ratio assuming 40 % tax rate. State its significance also. Will the Interest Coverage Ratio change if during the year 2017-18, the company decides to redeem debentures of Rs. 5,00,000 and expects to maintain the same rate of Net Profit and assume that the Tax rate will not change. 4

22. Following is the Statement of Profit & Loss of X L Limited for the year ended March 31, 2017:

Statement of Profit & Loss

for the year ended March 31, 2017

Particulars	Notes to Accounts	2015-16 Amount (Rs.)	2016-17 Amount (Rs.)
Revenue from Operations		50,00,000	80,00,000
Expenses:			
(a) Employee Benefit Expenses: 10 % of Revenue from Operations		10,00,000	12,00,000
(b) Other Expenses			
Tax Rate 40 %			



23. From the following Balance Sheet of Ajanta Limited as on March 31, 2017, prepare a Cash Flow Statement:

Particulars	Note Number	31-3-2017 (Rs.)	31-3-2016 (Rs.)
<b>I. Equity and Liabilities</b>			
(1) Shareholders' Funds			
(a) Equity Share Capital	1	10,00,000	10,00,000
(b) Reserves and Surplus		2,40,000	1,20,000
(2) Non- Current Liabilities			
Long-Term Borrowings- 9 % Debentures		3,20,000	2,40,000
(3) Current Liabilities			
(a) Trade Payables	2	1,80,000	2,40,000
(b) Other Current Liabilities	3	1,80,000	1,60,000
<b>Total</b>		<b>19,20,000</b>	<b>17,60,000</b>
<b>II. Assets</b>			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	4	13,40,000	12,00,000
(b) Non-Current Investments	5	2,40,000	1,60,000
(2) Current Assets			
(a) Inventories		1,20,000	1,60,000
(b) Trade Receivables		1,60,000	1,60,000
(c) Cash and Cash Equivalents		60,000	80,000
<b>Total</b>		<b>19,20,000</b>	<b>17,60,000</b>

### Notes to Accounts

Note Number	Particulars	31-3-2017 (Rs.)	31-3-2016 (Rs.)
1	Reserves and Surplus		
	General Reserve	1,20,000	1,20,000
	Balance in Statement of Profit & Loss	1,20,000	.....
		<b>2,40,000</b>	<b>1,20,000</b>
2	Trade Payables		
	Creditors	1,40,000	1,20,000
	Bills Payable	40,000	1,20,000
		<b>1,80,000</b>	<b>2,40,000</b>
3	Other Current Liabilities		
	Outstanding Rent	1,80,000	1,60,000
		<b>1,80,000</b>	<b>1,60,000</b>
4	Tangible Assets		
	Plant & Machinery	14,90,000	13,00,000
	Accumulated Depreciation	(1,50,000)	(1,00,000)
		<b>13,40,000</b>	<b>12,00,000</b>
5	Non-Current Investments		
	Shares in XYZ Limited	2,40,000	1,60,000
		<b>2,40,000</b>	<b>1,60,000</b>

Additional Information:

- (a) During the year 2016-17, a machinery costing Rs. 50,000 and accumulated depreciation thereon Rs. 15,000 was sold for Rs. 32,000.
- (b) 9 % Debentures Rs. 80,000 were issued on April 1, 2016. 6

PART – B

Option-II

Computerised Accounting

18. While navigating in the workbook, which of the following commands is used to move to the beginning of the Current row: 1
- a. [ctrl] + [home]
  - b. [page up]
  - c. [Home]
  - d. [ctrl] + [Back space]
19. Join line in the context of Access table means: 1
- a. Graphical representation of tables between tables
  - b. Lines bonding the data within table
  - c. Line connecting two fields of a table
  - d. Line connecting two records of a table
20. Enumerate the basic requirements of computerized accounting system for a business organization. 4
21. The generation of ledger accounts is not a necessary condition for making trial balance in a computerized accounting system. Explain. 4
22. Internal manipulation of accounting records is much easier in computerized accounting than in manual accounting. How? 4
23. Computerisation of accounting data on one hand stores voluminous data in a systematic and organized manner whereas on the other hand suffers from threats of vulnerability and manipulations. Discuss the security measures you would like to employ for securing the data from such threats. 6

