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Part- A
(Accounting for Not for Profit organizations, Partnership firms and Companies)

- 1) In case the partners' capitals are fixed, in which account will withdrawal of capital be recorded? (1-Mark)



- 2) Meera, Myra and Neera were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of Rs. 45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be:
 - (A) Rs. 18,000, Rs. 18,000 and Rs. 9,000
 - (B) Rs. 15,000, Rs. 15,000 and Rs. 15,000
 - (C) Rs. 21,000, Rs. 15,000 and Rs. 9,000
 - (D) Rs. 22,500, Rs. 22,500 and Nil (1-Mark)

- 3) Mona and Tina were partners in a firm sharing profits in the ratio of 3 : 2. Naina was admitted with 1/6th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at Rs. 32,000. The claim on account of workmen's compensation was determined at Rs. 40,000. Excess of claim over the reserve will be :
 - (A) Credited to Revaluation Account.
 - (B) Debited to Revaluation Account.
 - (C) Credited to old partner's Capital Account.
 - (D) Debited to old partner's Capital Account. (1-Mark)

- 4) Diya, Riya and Tiya were partners sharing profits and losses in the ratio of 2 : 3 : 5. Tiya died on 28th November, 2019. Her share of profit was taken equally by Diya and Riya. Diya's share of profit in the new firm will be _____. (1-Mark)

- 5) X and Y were partners in a firm sharing profits in the ratio of 7 : 3. Z was admitted for 1/5th share in the profits which he took 75% from X and remaining from Y. Calculate the sacrificing ratio of X and Y. (1-Mark)

- 6) Name an item that is never shown on the payment side of Receipts and Payments Account, but is shown on the debit side of the Income and Expenditure Account. (1-Mark)

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---	---------------------------------	--	---

- 7) A, B and C were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. C retired and his capital balance after adjustments regarding reserves, accumulated profits/losses and his share of gain on revaluation was Rs. 2,50,000. C was paid Rs. 3,22,000 including his share of goodwill.



The amount credited to C's capital account, on his retirement, for goodwill will be :

- (A) Rs. 72,000
 (B) Rs. 7,200
 (C) Rs. 24,000
 (D) Rs. 36,000 (1-Mark)
- 8) Rahul, Sahil and Jatin were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. Rahul died on 15th October, 2017. At that time, the capitals of Sahil and Jatin after all the adjustments were Rs. 3,56,000 and Rs. 2,44,000 respectively. Sahil and Jatin decided to adjust their capital according to their new profit sharing ratio by opening current accounts. Calculate the new capitals of Sahil and Jatin. (1-Mark)
- 9) Sun and Star were partners in a firm sharing profits in the ratio of 2 : 1. Moon was admitted as a new partner in the firm. New profit sharing ratio was 3 : 3 : 2. Moon brought the following assets towards his share of goodwill and his capital:

	Rs.
Machinery	2,00,000
Furniture	1,20,000
Stock	80,000
Cash	50,000

If his capital is considered as Rs. 3,80,000, the goodwill of the firm will be :

- (A) Rs. 70,000
 (B) Rs. 2,80,000
 (C) Rs. 4,50,000
 (D) Rs. 1,40,000 (1-Mark)
- 10) Rohan, Mohan and Sohan were partners sharing profits equally. At the time of dissolution of the partnership firm, Rohan's loan to the firm will be :
- (A) Credited to Rohan's Capital Account.
 (B) Debited to Realisation Account.
 (C) Credited to Realisation Account.
 (D) Credited to Bank Account. (1-Mark)
- 11) Excess of issue price of a debenture over its face value is called _____ . (1-Mark)

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---	---------------------------------	--	---

12) Which of the following statements does not relate to 'Reserve Capital' :

- (A) It is part of uncalled capital of a company.
- (B) It cannot be used during the lifetime of a company.
- (C) It can be used for writing off capital losses.
- (D) It is part of subscribed capital. (1-Mark)

13) Name an item which is transferred to credit side of Realisation Account at the time of dissolution of partnership firm, but does not involve cash payment. (1-Mark)

14) How would the following items be treated while preparing the financial statements of a sports club ?

Particulars	Amount Rs.
Prize Fund	44,000
Interest on Prize Fund Investments	6,000
Prizes Awarded	46,000
Match Expenses	64,000
Prize Fund Investments	44,000 (3-Marks)



OR

From the following information of a charitable dispensary, calculate the amount of medicines consumed during the year that would appear in the Income and Expenditure Account for the year ending 31st March, 2019:

Particulars	Amount Rs.
Stock of medicines on 1.4.2018	60,000
Creditors for medicines 1.4.2018	40,000
Stock of medicines 31.3.2019	10,000
Creditors for medicines 31.3.2019	25,000
Advances for medicines 31.3.2019	22,000
Credit purchases of medicines during the year	2,76,000
Cash purchases of medicines during the year	46,500 (3-Marks)

15) Ram, Mohan and Sohan were partners sharing profits in the ratio of 2 : 1 : 1. Ram withdrew Rs. 3,000 every month and Mohan withdrew Rs. 4,000 every month. Interest on drawings @ 6% p.a. was charged, whereas the partnership deed was silent about interest on drawings. Showing your working clearly, pass the necessary adjustment entry to rectify the error. (4-Marks)

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---	---------------------------------	--	---

Yadu, Vidu and Radhu were partners in a firm sharing profits in the ratio of 4:3:3. Their fixed capitals on 1st April, 2018 were Rs. 9,00,000, Rs. 5,00,000 and Rs. 4,00,000 respectively. On 1st November, 2018, Yadu gave a loan of Rs. 80,000 to the firm. As per the partnership agreement:

- (i) The partners were entitled to an interest on capital @ 6% p.a.
- (ii) Interest on partners' drawings was to be charged @ 8% p.a.

The firm earned profits of Rs. 2,53,000 (after interest on Yadu's loan) during the year 2018 - 19. Partners' drawings for the year amounted to Yadu : Rs. 80,000, Vidu : Rs. 70,000 and Radhu : Rs. 50,000.

Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2019. (4-Marks)

16) Furkan, Tanmay and Barkat were partners in a firm sharing profits in the ratio of 3 : 2 : 1. The firm closes its books on 31st March every year. Tanmay died on 31st July, 2019. His executor was entitled to:

- (i) His capital Rs. 8,00,000 and his share of goodwill which was valued for the firm at Rs. 96,000.
- (ii) His share of profit as per partnership agreement, which was to be calculated on the basis of average profit of last 3 years. Average profits of the last 3 years were Rs. 78,000.
- (iii) Tanmay's executors were paid Rs. 95,000 by cheque at the time of his death and the balance was transferred to his executor's loan account.



Pass the necessary journal entries in the books of the firm, on Tanmay's death, for the above transactions. (4-Marks)

17) Raunit Styles Ltd. was registered with a capital of Rs. 85,00,000 divided into equity shares of Rs. 100 each. The company invited applications for issuing 45,000 shares.

The amount was payable as Rs. 25 on application, Rs. 35 on allotment, Rs. 25 on first call and balance on final call.

Applications were received for 42,000 shares and allotment was made to all the applicants. Kavi, to whom 3,300 shares were allotted, failed to pay both the calls. His shares were forfeited.

Present the Share Capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. (4-Marks)

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18) Pass the necessary journal entries for the following transactions on the dissolution of the partnership firm of Tony and Rony after the various assets (other than cash) and external liabilities have been transferred to Realization Account:



- (i) An unrecorded asset of Rs. 2,000 and cash Rs. 3,000 was paid for liability of Rs. 6,000 in full settlement.
- (ii) 100 shares of Rs. 10 each have been taken over by partners at market value of Rs. 20 per share in their profit sharing ratio, which is 3 : 2.
- (iii) Stock of Rs. 30,000 was taken over by a creditor of Rs. 40,000 at a discount of 30% in full settlement.
- (iv) Expenses of realisation Rs. 4,000 were to be borne by Rony. Rony used the firm's cash for paying these expenses. (4-Marks)

19) From the following Receipts and Payments Account of Dee Club for the year ending 31st March, 2019 and additional information, prepare an Income and Expenditure Account for the year ending 31st March, 2019:

**Receipts and Payments Account of Dee Club for the year ending
31st March, 2019**

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d	2,000	By Salaries	42,500
To Subscription :		By Printing and Stationery	21,500
2017 - 18 1,200		By Furniture (1.10.2018)	15,000
2018 - 19 49,200		By 9% Investments	3,000
2019 - 20 2,300	52,700	By Balance c/d	16,850
To Sale of old furniture (Book value Rs. 800)	500		
To Donation for prizes	43,000		
To Interest on Investment	650		
	98,850		98,850

- (i) The club has 400 members, each paying an annual subscription of Rs. 150.
- (ii) Salaries paid included Rs. 3,150 for the year 2017 - 18 and outstanding salaries for the year 2018 - 19 were Rs. 4,250.
- (iii) 9% investments were made on 30th November, 2018. The club had a similar investment of Rs. 8,000 at the beginning of the year.
- (iv) Depreciate furniture @ 10% p.a. No depreciation is charged on the furniture sold. (6-Marks)

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---	---------------------------------	--	---

20) (i) Vayee Ltd. purchased the following assets of E.X. Ltd. :
Land and Building of Rs. 60,00,000 at Rs. 84,00,000; Plant and Machinery of Rs. 40,00,000 at Rs. 36,00,000.

The purchase consideration was Rs. 1,10,00,000. Payment was made by accepting a Bill of Exchange in favour of E.X. Ltd. of Rs. 20,00,000 and remaining by issue of 8% debentures of Rs. 100 each at a premium of 20%.

Record the necessary journal entries for the above transactions in the books of Vayee Ltd.

(ii) Zed Ltd. issued 2,00,000, 8% debentures of Rs. 100 each at a discount of 6% redeemable at a premium of 10% after 5 years. The amount was payable as follows:

On application – Rs. 50 per debenture and

On allotment – balance



Record the necessary journal entries for the issue of debentures in the books of Zed Ltd. (3+3-Marks)

OR

Mahesh Ltd. had issued 20,000, 10% debentures of Rs. 100 each. 8,000, 10% debentures were due for redemption on 31st March, 2019. The company had a balance of Rs. 4,40,000 in the Debenture Redemption Reserve Account on 31st March, 2018. The company invested the required amount in the Debenture Redemption Investment on 1st April, 2018.

Pass the necessary journal entries for redemption of debentures. Ignore the entries for interest on debentures. (6-Marks)



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---	---------------------------------	--	---

- 21)** Badal and Bijli were partners in a firm sharing profits in the ratio of 3 : 2. Their Balance Sheet as at 31st March, 2019 was as follows:

Balance Sheet of Badal and Bijli as at 31st March, 2019

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals :		Building	1,50,000
Badal 1,50,000		Investments	73,000
Bijli 90,000	2,40,000	Stock	43,000
Badal's Current A/c	12,000	Debtors	20,000
Investment Fluctuation Reserve	24,000	Cash	22,000
Bills Payable	8,000	Bijli's Current A/c	2,000
Creditors	26,000		
	3,10,000		3,10,000



Raina was admitted on the above date as a new partner for $\frac{1}{6}$ th share in the profits of the firm. The terms of agreement were as follows:

- (i) Raina will bring Rs. 40,000 as her capital and capitals of Badal and Bijli will be adjusted on the basis of Raina's capital by opening current accounts.
- (ii) Raina will bring her share of goodwill premium for Rs. 12,000 in cash.
- (iii) The building was overvalued by Rs. 15,000 and stock by Rs. 3,000.
- (iv) A provision of 10% was to be created on debtors for bad debts.

Prepare the Revaluation Account and Current and Capital Accounts of Badal, Bijli and Raina. (8-Marks)

OR



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---	---------------------------------	--	---

Prem, Kumar and Aarti were partners sharing profits in the ratio of 5 : 3 : 2. Their Balance Sheet as at 31st March, 2019 was as under:

Balance Sheet of Prem, Kumar and Aarti as at 31st March, 2019

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals :		Building	25,000
Prem	30,000	Plant and Machinery	15,000
Kumar	20,000	Investment	10,000
Aarti	20,000	Debtors	10,000
General Reserve	8,000	Stock	5,000
Investment Fluctuation Reserve	2,000	Cash	25,000
Sundry Creditors	10,000		
	90,000		90,000

On the above date, Kumar retired. The terms of retirement were:

- (i) Kumar sold his share of goodwill to Prem for Rs. 8,000 and to Aarti for Rs. 4,000.
- (ii) Stock was found to be undervalued by Rs. 1,000 and building by Rs. 7,000.
- (iii) Investments were sold for Rs. 11,000.
- (iv) There was an unrecorded creditor of Rs. 7,000.
- (v) An amount of Rs. 30,000 was paid to Kumar in cash which was contributed by Prem and Aarti in the ratio of 2 : 1. The balance amount of Kumar was settled by accepting a Bill of Exchange in favour of Kumar.

Prepare the Revaluation Account, Capital Accounts of partners and the Balance Sheet of the reconstituted firm. (8-Marks)

- 22)** (i) R.P. Ltd. forfeited 1,500 shares of Rahim of Rs. 10 each issued at a premium of Rs. 3 per share for non-payment of allotment and first call money. Rahim had applied for 3,000 shares. On these shares, amount was payable as follows:



On application	–	Rs. 3 per share
On allotment (including premium)	–	Rs. 5 per share
On first call	–	Rs. 3 per share
On final call	–	Balance

Final call has not been called up. 1,000 of the forfeited shares were reissued for Rs. 8,500 as fully paid-up.

Record the necessary journal entries for the above transactions in the books of R.P. Ltd.

- (ii) Max Ltd. forfeited 500 shares of Rs. 100 each for non-payment of first call of Rs. 20 per share and final call of Rs. 25 per share. 250 of these shares were re-issued at Rs. 50 per share fully paid-up.

Pass the necessary journal entries in the books of Max Ltd. for forfeiture and re-issue of shares. Also prepare the Share Forfeiture Account. (4+4 Marks)

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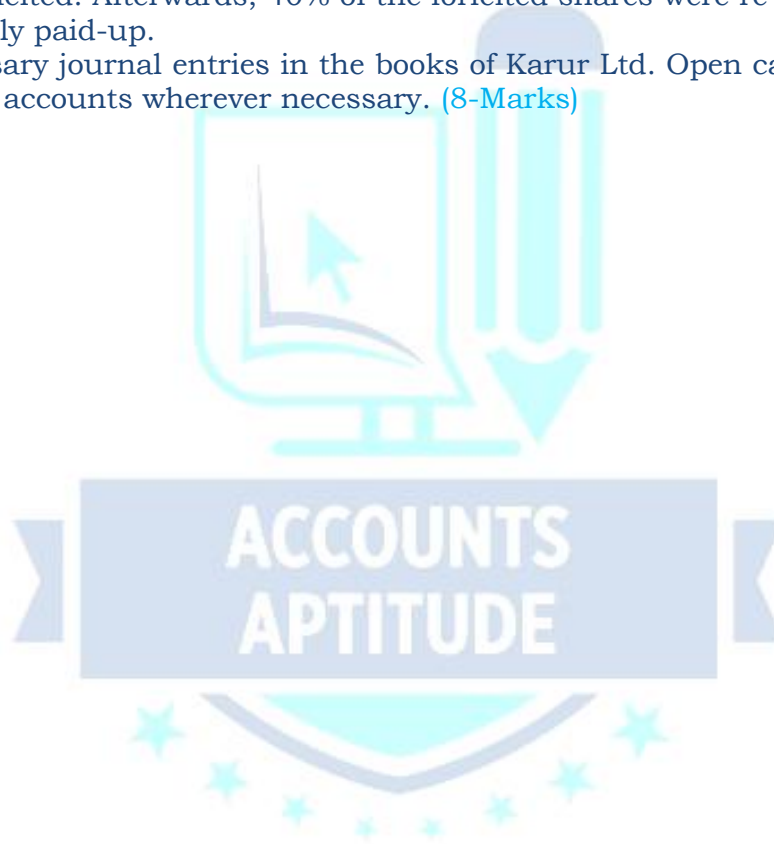
OR



Karur Ltd. invited applications for issuing 2,40,000 equity shares of Rs. 10 each at a premium of Rs. 4 per share. The amount was payable as under:

- On application – Rs. 4 per share (including premium Rs. 2)
- On allotment – Rs. 4 per share
- On first and final call – Rs. 6 per share (including premium Rs. 2)

Applications for 3,00,000 shares were received and pro-rata allotment was made to all the applicants. Excess application money received on application was adjusted towards sums due on allotment. All calls were made and were duly received except from Rohini, who failed to pay allotment and first and final call on 7,500 shares applied by her. These shares were forfeited. Afterwards, 40% of the forfeited shares were re-issued at Rs. 11 per share as fully paid-up.

Pass the necessary journal entries in the books of Karur Ltd. Open call-in-arrears and call-in-advance accounts wherever necessary. (8-Marks)





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PART B
OPTION 1
(Analysis of Financial Statements)

- 23)** State any one limitation of Financial Statement Analysis. (1-Mark)
- 24)** State the impact of 'Bills Receivable discounted dishonoured on due date' on the liquid ratio of 0.75 : 1. Also give reason in support of your answer. (1-Mark)
- 25)** State whether the following statement is true or false.
'Inventory Turnover Ratio measures the level of financial leverage.' (1-Mark)
- 26)** The total debtors of X Ltd. were Rs. 9,00,000. It had created a provision of 10% for bad and doubtful debts. What amount of debtors will be used for calculating the 'Trade Receivables Turnover Ratio' ? (1-Mark)
- 27)** Give an example of an activity which is always financing with regards to the Cash Flow Statement. (1-Mark)
- 28)** On 1.10.2018, Micro Ltd. issued 20,000, 8% debentures of Rs. 100 each and paid interest of Rs. 80,000 on these debentures on 31st March, 2019. Calculate the cash flow from financing activities for the period ending 31st March, 2019. (1-Mark)
- 29)** An investment normally qualifies as cash-equivalent only when from the date of acquisition it has a short maturity period of:
- One month or less
 - Three months or less
 - Three months or more
 - One year or less (1-Mark)
- 30)** Calculate the 'Total Assets to Debt Ratio' from the following information:
- | | |
|----------------------|--------------------|
| | Rs. |
| Current Assets | 11,00,000 |
| Working Capital | 6,50,000 |
| Shareholder's Fund | 7,50,000 |
| Total Debt | 19,50,000 |
| Reserves and Surplus | 2,50,000 (3-Marks) |

OR

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---	---------------------------------	--	---

Under which major head/sub-head 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) Computer software
- (ii) Calls-in-advance
- (iii) Outstanding salary
- (iv) Securities Premium Reserve
- (v) Patents
- (vi) Interest accrued on Investment (3-Marks)

31) From the following information, prepare Comparative Statement of Profit and Loss:

Particulars	31.3.2018 (₹)	31.3.2019 (₹)
Revenue from operations	4,00,000	3,00,000
Other Income	80,000	40,000
Expenses	50% of Revenue from operations	50% of Revenue from operations
Income Tax Rate	40%	40%



(4-Marks)

OR

Prepare a common size Balance Sheet of L.X. Ltd. from the following information:

Particulars	Note no.	31.3.2019 (₹)	31.3.2018 (₹)
I – Equity and Liabilities :			
1. Shareholder's Funds		20,00,000	10,00,000
2. Non-Current Liabilities		20,00,000	5,00,000
3. Current Liabilities		10,00,000	5,00,000
Total		50,00,000	20,00,000
II – Assets :			
1. Non-Current Assets		30,00,000	12,50,000
2. Current Assets		20,00,000	7,50,000
Total		50,00,000	20,00,000

(4-Marks)

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- 32) (i) From the following information of Nova Ltd., calculate the cash flow from investing activities:

Particulars	Note No.	31.3.2019 (₹)	31.3.2018 (₹)
Machinery (At cost)		5,00,000	3,00,000
Accumulated Depreciation on machinery		1,00,000	80,000
Goodwill		1,50,000	1,00,000
Land		70,000	1,00,000

Additional Information:

During the year, a machine costing Rs. 50,000 on which the accumulated depreciation was Rs. 35,000, was sold for Rs. 12,000.

- (ii) The profit of Jova Ltd. for the year ended 31st March, 2019 after appropriation was Rs. 2,50,000.

Additional Information:

S.No. Particulars	Amount Rs.
1. Depreciation of Machinery	20,000
2. Goodwill written off	9,000
3. Loss on sale of Furniture	2,000
4. Transfer to General Reserve	22,500

The following was the position of its Current Assets and Current Liabilities as at 31st March, 2018 and 2019.

Particulars	Note No.	31.3.2018 (₹)	31.3.2019 (₹)
Income Received in Advance		8,000	—
Inventory		12,000	8,000

Calculate the Cash flow from operating activities. (6-Marks)