CBSE
Class XII Accountancy
All India Board Paper Set 1 – 2016

Time: 3 hours **Max. Marks: 80**

General Instructions:
1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) All parts of a question should be attempted at one place

Section A
- (i) This section consists of **17** questions
- (ii) All the question are compulsory
- (iii) Question Nos. **1** to **6** are very short – answer questions carrying **1** mark each.
- (iv) Question Nos. **7** to **10** carry **3** marks each
- (v) Question Nos. **11** and **12** carry **4** marks each
- (vi) Question Nos. **13** to **15** carry **6** marks each
- (vii) Question Nos. **16** and **17** Carry **8** marks each

Section B
- (i) This section consists of **6** questions
- (ii) All questions are compulsory
- (iii) Question Nos.**18** and **19** are very short – answer carrying **1** mark each
- (iv) Question Nos. **20** to **22** carry **4** marks
- (v) Question No.**23** carries **6** marks

SECTION A

1. A group of 40 people wants to form a partnership firm. They want your advice regarding the maximum number of persons that can be there in a partnership firm and the name of the Act under whose provisions it is given.

2. P, Q, and R were partners in a firm sharing profits in the ratio of 3:2:1. They admitted S as a new partner for $1/8^{th}$ share in the profits which he acquired $1/16^{th}$ from P and $1/16^{th}$ from Q.

3. On 28.2.2016 the first call of ₹2 per share became due on 50,000 equity shares allotted by Kumar Ltd. Komal a holder of 1000 shares did not pay the first call money. Kovil a holder of 750 shares paid the second and final call of ₹4 per share along with the first call.
Pass the necessary journal entry for the amount received by opening calls - in - arrears and calls - in - advance account in the books of the company.

4. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of 'Economic Relationship'.

5. State the provisions of the Companies Act, 2013 for the creation of 'Debenture Redemption Reserve'.

6. Tom and Harry were partners in a firm sharing profits in the ratio of 5:3. During the year ended 31.3.2015 Tom had withdrawn ₹40,000. Interest on his drawings amounted to ₹2,000.
Pass necessary journal entry for charging interest on drawings assuming that the capitals of the partners were fluctuating.

7. On 2.3.2016 L and B Ltd. issued 635, 9% debentures of ₹500 each. Pass necessary journal entries for the issue of debentures in the following situations:

(a) When debentures were issued at 5% discount, redeemable at 10% premium.
(b) When debentures were issued at 12% premium, redeemable at 6% premium.

8. State any three circumstances other than (i) death of a partner; (ii) admission of a partner and (iii) retirement of a partner, when need for valuation of goodwill of a firm may arise.

9. K Ltd. took over the assets of ₹15,00,000 and liabilities of ₹5,00,000 of P Ltd. For a purchase consideration of ₹13,68,500. ₹25,500 were paid by issuing a promissory note in favour of P Ltd. Payable after two months and the balances was paid by issue of equity shares of ₹100 each at a premium of 25%.
Pass necessary journal entries for the above transactions in the books of K Ltd.

10. To provide employment to the youth and to develop Baramula district of Jammu and Kashmir, Jyoti Power Ltd. decided to setup a power plant. For raising funds the company decided to issue 8,50,000 equity shares of ₹10 each at a premium of ₹3 per share. The whole amount was payable on application. Applications for 20,00,000 shares were received. Applications for 3,00,000 shares were rejected and shares were alloted to the remaining applicants on pro- rata basis.
Pass necessary journal entries for the above transactions in the books of the company and identify any two values which the company wants to propagate.

11. Vikas and Vivek were partners in a firm sharing profits in the ratio of 3: 2.
On 1.4.2014 they admitted Vandana as a new partner for 1/8th the share in the profits with a guaranteed profit of ₹1,50,000. The new profit sharing ratio between Vivek and Vikas will remain the same but they decided to bear any deficiency on account of guarantee to Vandana in the ratio 2: 3. The profit of the firm for the year ended 31.3.2015 was ₹9, 00,000.
Prepare Profit and Loss Appropriation Account of Vikas, Vivek and Vandana for the year ended 31.3.2015.

12. Manav, Nath and Narayan were partners in a firm sharing profits in the ratio of 1: 2: 1. The firm closes its books on 31st March every year. On 30th September, 2015 Nath died. On that date his capital account showed a debit balance of ₹5,000. There was a debit balance of ₹30,000 in the profit and loss account. The goodwill of the firm was valued at ₹3,80,000. Nath's share of profit in the year of his death was to be calculated on the basis of average profit of last 5 years, which was ₹90,000.
Pass necessary journal entries in the books of the firm on Nath's death.

13. Lal and Pal were partners in a firm sharing profits in the ratio of 3: 7. On 1.4.2015 their firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realisation account, you are given the following information:
(a) A creditor of ₹3,60,000 accepted machinery valued at ₹5,00,000 and paid to the firm ₹1,40,000.
(b) A Second creditor for ₹50,000 accepted stock at ₹45,000 in full settlement of his claim.
(c) A third creditor amounting to ₹90,000 accepted ₹45,000 in cash and investments worth ₹43,000 in full settlement of his claim.
(d) Loss on dissolution was ₹15,000.

Pass necessary journal entries for the above transactions in the books of firm assuming that all payments were made by cheque.

14. R, S and T were partners in a firm sharing profit in the ratio of 1:2:3. On 31-3-2015 their Balance sheet was as follows :

Balance Sheet of A,B and C as on 31-3-2015

Liabilities		Amount ₹	Assets	Amount ₹
Creditors		50,000	Land	50,000
Bills Payable		20,000	Building	50,000
General Reserve		30,000	Plant	1,00,000
Capitals			Stock	40,000
A	1,00,000		Debtors	30,000
B	50,000		Bank	5,000
C	25,000	1,75,000		
		2,75,000		**2,75,000**

On the above date D was admitted as new partner and it was decided that:

(i) Goodwill of the firm will be valued at ₹1,50,000

(ii) Land will be revalued at ₹80,000 and building be depreciated by 6%.

(iii) Creditors of ₹6,000 were not likely to be claimed and hence should be written off

Prepare Revaluations Account, Partner's Capital Accounts and Balance Sheet of the reconstitute firm.

15. On 1.4.2013 JJJ Ltd had ₹1,00,00,000, 10% Debentures of ₹100 each outstanding.

(i) On 1.4.2014 the company purchased in the open market 30,000 of its own debentures for ₹99 each and cancelled the same immediately.

(ii) On 28.2.2015 the company redeemed at par debentures of ₹50, 00,000 by draw of a lot.

(iii) On 31.1.2016 the remaining debentures were purchased for immediate cancellation for ₹19,99,000.

Ignoring interest on debentures and debenture redemption reserve, pass necessary journal entries for the above transactions in the books of the company.

16. SK Ltd. invited applications for issuing 3,20,000 equity shares of ₹10 each at a premium of ₹5 per share. The amount was payable as follows:

On application ₹3 per share (including premium ₹1 per share)

On allotment ₹5 per share (including premium ₹2 per share)

On First and Final Call - Balance

Applications for 4,00,000 shares were received. Applications for 40,000 shares were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. Jeevan holding 800 shares failed to pay the allotment money and his shares were immediately forfeited. Afterwards final call was made. Ganesh who had applied for 2,700 shares failed to pay the final call. His shares were also forfeited. Out of the forfeited shares 1,500 shares were re-issued at ₹8 per share fully paid up. The re-issued shares included all the forfeited shares of Jeevan.

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

OR

BBG Ltd. had issued 1,00,000 equity shares of ₹10 each at a premium of ₹3 per share payable with application money. While passing the journal entries related to the issue, some blanks are left. You are required to complete these blanks.

Books of BBG Ltd
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2015 Jan 05	___________ Dr. To ___________________ (Amount received on application for 1,40,000) shares @ ₹6 per share including premium)		_______	_______
Jan 17	Equity Share Application A/c Dr. To ______________ To _______________ To _______________ To _______________ (Transfer of application money to share capital securities premium, money refunded for 20,000) shares for rejected application and balance adjusted towards amount due on allotment as shares were allotted on Pro-rata basis)		_______	_______ _______ _______ _______
Jan 17	__________ Dr. To ______________ (Amount due on allotment @ ₹4 per share)		_______	_______
Feb.20	____________ To ______________ (Balance amount received on allotment)		_______	_______
April.01	_________ Dr. To ______________ (First and Final Call money due)		_______	_______
April 20	__________ Dr. Calls – in – arrears A/c Dr. To ______________ (Money received on First and Final Call)		_______ 3,000	_______
May 20	_________ Dr. To ______________ To ______________ (Forfeited the shares on which call money was not received)		_______	_______ _______
June 15	__________ Dr. __________ Dr. To ______________ (Re-issued the forfeited shares)		_______ 3,000	_______
______	_________ Dr. To ______________ (________________________________)		_______	_______

17. L, M and N were partners in a firm sharing profit in the ratio of 3:2:1. Their Balance Sheet on 31.3.2015 was as follows :

Balance Sheet of L,M and N as on 31-3-2015

Liabilities		Amount ₹	Assets	Amount ₹
Creditors		1,68,000	Bank	34,000
General Reserve		42,000	Debtors	46,000
			Stock	2,20,000
Capitals:			Investments	60,000
L	1,20,000		Furniture	20,000
M	80,000		Machinery	70,000
N	40,000	2,40,000		
		4,50,000		**4,50,000**

On the above date O was admitted as a new partner and it was decided that:

(i) The new profit sharing ratio between L, M, N and 0 will be 2: 2: 1: 1.

(ii) Goodwill of the firm was valued at ₹1,80,000 and O brought his share of goodwill premium in cash.

(iii) The market value of investments was ₹36,000.

(iv) Machinery will be reduced to ₹58,000.

(v) A creditor of ₹6,000 was not likely to claim the amount and hence to be written-off.

(vi) O will bring proportionate capital so as to give him 1/6th share in the profits of the firm.

Prepare Revaluation Account. Partner's Capital Accounts and the Balance Sheet of the New Firm

OR

J, H and K were partners in a firm sharing profits in the ratio of 5:3:2. On 31-3-2015 their Balance Sheet was as follows:

Balance Sheet of J,H and K as on 31-3-2015

Liabilities		Amount ₹	Assets		Amount ₹
Creditors		42,000	Land & Building		2,24,000
Investment Fluctuation Fund		20,000	Motor Vans		40,000
P & L Account		80,000	Investments		38,000
Capitals:			Machinery		24,000
J	1,00,000		Stock		30,000
H	80,000		Debtors	80,000	
K	40,000	2,20,000	Less : Provision	6,000	74,000
			Cash		32,000
		3,62,000			**3,62,000**

On the above data H retires and J and K agreed to continue the business on the following terms:

(i) Goodwill of the firm was valued at ₹1,02,000.

(ii) There was a claim of ₹8,000 for workmen's compensation.

(iii) Provision for bad debts was to be reduced by ₹2,000.

(iv) H will be paid ₹14,000 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly installments together with interest @ 10% p.a.

(v) The new profit sharing ratio between J and K will be 3:2 and their capitals will be in their new profit sharing ratio. The capital adjustments will be done by opening current accounts.

Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the new firm.

SECTION B

18. Give the meaning of 'Cash Flow statement'.

19. 'An enterprise may hold securities and loans for dealing or trading purpose in which case they are similar to inventory acquired specifically for resale'. Is the statement correct? Cash Flows from such activities will be classified under which type of activity while preparing Cash Flow Statement?

20.

(a) One of the objectives of 'Financial Statements Analysis' is to judge the ability of the firm to repay its debt and assessing the short-term as well as the long-term liquidity position of the firm. State two more objectives of this analysis.

(b) Name any two items that are shown under the head 'Other Current Liabilities' and any two items that are shown under the head 'Other Current Assets' in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.

21.

(a) What is meant by 'Activity Ratios'?

(b) From the following information calculate inventory turnover ratio; Revenue from operations ₹16,00,000; Average Inventory ₹2,20,000; Gross Loss Ratio 5%.

22. Following is the Statement of Profit and Loss of Moon India Ltd. for the year ended 31st March 2015.

Particulars	Note No.	31-3-2015 (₹)	31-3-2014 (₹)
Revenue from operations		50,00,000	40,00,000
Other Income		2,00,000	10,00,000
Employee benefit – expenses		60% of the total revenue	50% of the total revenue
Other expenses		10% of employee benefit expenses	20% of employee benefit expenses
Tax Rate		50%	40%

The motto of Moon India Ltd. is to produce and distribute green energy in the backward areas of India. It has also taken up a project of giving vocational training to the girls belonging to the backward areas of Rajasthan. You are required to prepare a comparative statement of Profit and Loss of Moon India Ltd. from the given statement of Profit and Loss and also identify any two values that the company wishes to convey to the society.

23. Following was the Balance Sheet of M.M Ltd at on 31.3.2015.

M.M. Ltd Balance Sheet as at 31-3-2015

Particulars	Note No.	31-03-2015 ₹	31-03-2015 ₹
I. Equity and Liabilities			
1. Shareholder's Funds			
a. Share Capital		5,00,000	4,00,000
b. Reserve and Surplus	1	2,00,000	(50,000)
2. Non - Current Liabilities			
a) Long – term borrowings	2	4,50,000	5,00,000
3. Current Liabilities			
a) Short – term borrowings	3	1,50,000	50,000
b)Short – term provisions	4	70,000	90,000
Total		**13,70,000**	**9,90,000**
II. Assets			
1. Non – Current Assets			
a) Fixed Assets			
Tangible assets	5	10,03,000	7,20,000
Intangible	6	20,000	30,000
b) Non – Current Investments		1,00,000	75,000
2. Current Assets			
a) Current Investments			
b) Inventories	7	50,000	60,000
c) Cash and Cash		1,07,000	45,000
		90,000	60,000
Total		**13,70,000**	**9,90,000**

Note No	Particulars	31-3-2015 ₹	31-3-2014 ₹
1.	Reserve and Surplus		
	(Surplus i.e. Balance in Statement of Profit and Loss)	2,00,000	(50,000)
		2,00,000	**50,000**
2.	Long term borrowings :		
	12 % Debentures	4,50,000	5,00,000
		4,50,000	**5,00,000**
3.	Short – term borrowings :		
	Bank Overdraft	1,50,000	50,000
		1,50,000	**50,000**
4.	Short – term provisions		
	Provisions for tax	70,000	90,000
		70,000	**90,000**
5.	Tangible Assets		
	Machinery	12,03,000	8,21,000
	Accumulated Depreciation	(2,00,000)	(1,01,000)
		10,03,000	**7,20,000**

6.	Intangible Assets Goodwill	20,000	30,000
		20,000	30,000
7.	Inventories Stock in trade	1,07,000	45,000
		1,07,000	**45,000**

Additional Information

(i) 12% Debentures were redeemed on 31-3-2015

(ii) Tax ₹70,000 was paid during the year

Prepare Cash flow Statement