CBSE
Class XII Accountancy
All India Board Paper Set 2 – 2017

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. Durga and Naresh were partners in a firm. They wanted to admit five more members in the firm. List any two categories of individuals other than minors who cannot be admitted by them.

2. Z. Ltd forfeited 1,000 equity shares of ₹10 each for the non-payment of the first call of ₹2 per share. The final call of ₹3 per share was yet to be made.
Calculate the maximum amount of discount at which these shares can be reissued.

3. X Ltd invited applications for issuing 500, 12 % debentures of ₹100 each at a discount of 5%. These debentures were redeemable after these years at par. Applications for 600 debentures were received. Pro-rata allotment was made to all the applications.
Pass necessary journal entries for the issue of debentures assuming that the whole amount was payable with application.

4. P and Q were partners in a firm sharing profits and losses equally. Their fixed capitals were ₹2,00,000 and ₹3, 00,000 respectively. The partnership deed provided for interest on capital @ 12% per annum. For the year ended 31st March, 2016, the profits of the firm were distributed without providing interest on capital
Pass necessary adjustment entry to rectify the error.

5. A and B were partners in a firm sharing profits and losses in the ratio of 5:3. They admitted C as a new partner. The new profit sharing ratio between A, B and C was 3:2:3. A surrendered $\frac{1}{5}$th of his share in favour of C. Calculate B's sacrifice.

6. Distinguish between 'Fixed Capital Account' and 'Fluctuating Capital Account' on the basis of credit balance.

7. Ganesh Ltd. is registered with an authorised capital of ₹10, 00, 00,000 divided into equity shares of ₹10 each. Subscribed and fully paid up capital of the company was ₹6,00,00 ,000. For providing employment to the local youth for the development of the tribal areas of Arunachal Pradesh the company decided to Set up a hydro power plants there. The company also decided to Open skill development centres in Itnaagar, pasighat and Tawang. To meet its new financial requirements, the company decided to issue 1,00,000 equity shares of ₹10 each and 1,00,000, 9% debentures of ₹100 each. The debentures were redeemable after five years at par. The issue of shares and debentures was fully subscribed. A shareholder holding 2,000 shares failed to pay the final call of ₹2 per share.
Show the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the companies Act, 2013; also identify any two values that the company wishes to propagate.

8. Disha Ltd purchased machinery from Nisha Ltd. and paid to Nisha Ltd. as follows :
(i) By issuing 10,000 equity shares of ₹10 each at a premium of 10%
(ii) By issuing 200, 9% debentures of ₹100 each at a discount of 10%.
(iii) Balance by accepting a bill of exchange of ₹50,000 payable after one month.
Pass necessary journal entries in the books of Disha Ltd. for the purchase of machinery and making payment to Nisha Ltd.

9. Kavi, Ravi, Kumar and Guru were partners in a firm sharing profits in the ratio of 3:2:2:1. On 1.2.2017, Guru retired and the new profit sharing ratio decided between Kavi, Ravi and Kumar was 3:1:1. On Guru's retirement the goodwill of the firm was valued at ₹3, 60,000.
Showing your working notes clearly, pass necessary journal entry in the books of the firm for the treatment of goodwill on Guru's retirement

10. BPL Ltd. converted 500, 9% debentures of ₹100 each issued at a discount of 6% into equity shares of ₹100 each issued at a premium of ₹25 per share. Discount on issue of 9% debentures has not yet been written off. Showing your working notes clearly, pass necessary journal entries for conversion of 9% debentures into equity shares.

11. Ashok, Babu and Chetan were partners in a firm sharing profits in the ratio of 4:3:3. The firm closes its books on 31st March every year. On 31st December, 2016 Ashok died. The partnership deed provided that on the death of a partner his executors will be entitled for the following:
(i) Balance in his capital account. On 1.4.2016, there was a balance of ₹90,000 in Ashok's Capital Account.
(ii) Interest on Capital @12% per annum
(iii) His share in the profits of the firm in the year of his death will be calculated on the basis of rate of net profit on sales of the previous year, which was 25%. The sales of the firm till 31st December, 2016 were ₹4, 00,000.
(iv) His share in the goodwill of the firm. The goodwill of the firm on Ashok's death was valued at 4,50,000.
The partnership deed also provided for the following deduction from the amount payable to the executor of the decreased partner:
(i) His drawings in the year of his death, Ashok's drawings till 31.12.2016 were ₹15,000.
(ii) Interest on drawings @12 % per annum which was calculated on ₹1,500.
The accountant of the firm prepared Ashok's Capital Account to be presented to the executor of Ashok but in a hurry he left it incomplete. Ashok's Capital Account as prepared by the firm accountant is given below

Ashok Capital Account

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
2016 Dec 31	....	15,000	2016 April 1	....	90,000

Dec 31	…………....	………...	Dec 31	……………...	8,300
Dec 31	……………	………...	Dec 31	……………...	40,000
			Dec 31	……………...	90,000
			Dec 31	………………	90,000
		3,18,100			3,18,000

Your are required to complete Ashok's Capital Account.

12. Madhu and Neha were partners in a firm sharing profits and losses in the ratio of 3: 5. Their fixed capitals were ₹4, 00,000 and ₹6,00,000 respectively. On 1.1.2016, Tina was admitted as a new partner for $\frac{1}{4}$th share in the profits. Tina acquired her share of profit from Neha. Tina brought ₹4, 00,000 as her capital which was to be kept fixed like the capitals of Madhu and Neha. Calculate the goodwill of the firm on Tina's admission and the new profit sharing ratio of Madhu, Neha and Tina. Also, pass necessary journal entry for the treatment of goodwill on Tina's admission considering that Tina did not bring her share of goodwill premium in cash

13. Suresh, Ramesh, Mahesh and Ganesh were partners in a firm sharing profits in the ratio of 2:2:3:3. On 1.4.2016 their Balance Sheet was as follows :

Balance Sheet of Suresh, Ramesh, Mahesh and Ganesh
***as on* 1.4.2016**

Liabilities		**₹**	**Assets**	**₹**
Capitals :			Fixed Assets	6,00,000
Suresh	1,00,000		Current Assets	3,45,000
Ramesh	1,50,000			
Mahesh	2,00,000			
Ganesh	2,50,000	7,00,000		
Sundry Creditors		1,70,000		
Workmen Compensation Reserve		75,000		
		9,45,000		**9,45,000**

From the above date the partners decided to share the future profits equally. For this purpose the goodwill of the firm was valued at ₹90,000.

It was also agreed that:

(i) Claim against Workmen Compensation Reserve will be estimated at ₹1,00,000 and fixed assets will be depreciated by 10%.

(ii) The capitals of the partners will be adjusted according to the new profit sharing ratio. For this, necessary cash will be brought or paid by the partners as the case may be.

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

14. On 1.4.2015, KVK Ltd. issued 15,000, 9% debentures of ₹100 each at a discount of 7%, redeemable at a premium of 10% after 10 years. The company closes its books on 31st March every year. Interest on 9%debentures is payable on 30th September and 31st March every year. The rate of tax deducted at source is 10%.

Pass necessary journal entries for the issue of 9% debentures and debenture interest for the year ended 31.3.2016.

15. Pass necessary journal entries on the dissolution of a partnership firm in the following cases :

(i) Expenses of dissolution were ₹9,000.

(ii) Expenses of dissolution ₹3,400 were paid by a partner, Vishal.

(iii) Shiv, a partner, agreed to do the work for dissolution for a commission of ₹4,500. He also agreed to bear the dissolution expenses. Actual dissolution expenses ₹3,900 were paid from the firm's bank account.

(iv) Naveen, a partner, agreed to look after the dissolution work for which he was allowed a remuneration of ₹3,000. Naveen also agreed to bear the dissolution expenses. Actual expenses on dissolution ₹2,700 were paid by Naveen.

(v) Vivek, a partner, was appointed to look after the dissolution work for a remuneration of ₹7,000. He agreed to bear the dissolution expenses. Actual dissolution expenses ₹6,500 were paid by Rishi, another partner, on behalf of Vivek.

(vi) Gaurav, a partner, was appointed to look after the work of dissolution for a commission of ₹12,500. He agreed to bear the dissolution expenses. Gaurav took over furniture of ₹12,500 as his commission. The furniture had already been transferred to realisation account.

16. VXN Ltd invited application for issuing 50,000 equity shares of ₹10 each as a premium of 8 per share. The amount was payable as follows :

On Application: ₹4 per share (including ₹3 premiums)
On Allotment: ₹6 per share (including ₹3 premiums)
On First Call: ₹5 per share (including ₹1 premium)
On second and final Call: Balance Amount

The issue was fully subscribed Gopal a shareholder holding 200 shares did not pay the allotment money and Madhav, a holder of 400 shares paid his entire share money along with the allotment money. Gopal's Shares were immediately forfeited after allotment, Afterwards, the first call was made Krishna, a holder of 100 shares, failed to pay the first call money and Giridhar, a holder of 300 shares, paid the second call money also along with the first call. Krishna's shares were forfeited immediately after the first call. Second and final call was made afterwards and was duly received. All the forfeited shares were reissued at ₹9 per share fully paid up.

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

OR

JJK Ltd invited application or issuing 50,000 equity shares of 10 each at par. The amount was payable as follows:

On Application: ₹2 per share
On Allotment: ₹4 per share
On first and Final Call: Balance Amount

The issue was oversubscribed three times. Applications for 30% shares were rejected and money refunded. Allotment was made to the remaining applicants as follows:

Category	No. of Shares Applied	No. of shares Allotted
I	80,000	40,000
II	25,000	10,000

Excess money paid by the applicants who were allotted shares was adjusted towards the sums due on allotment.

Deepak, a shareholder belonging the Category I, who had applied for 1,000 shares, failed to pay the allotment money. Raju, a shareholder holding 100 shares, also failed to pay the allotment money. Raju belonged to category II. Shares of both Deepak and Raju were forfeited immediately after allotment. Afterwards, first and final call was made and was duly received. The forfeited shares of Deepak and Raju were reissued at 11 per share fully paid up

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

17. C and D are partner in a firm sharing profits in the ratio of 4:1. On 31.3.2016 their Balance Sheet was as follows :

Balance Sheet of C and D
As on 31.3.2016

Liabilities		₹	Assets	₹
Sundry Creditors		40,000	Cash	24,000
Provision for Bad debts		4,000	Debtors	36,000
Outstanding Salary		6,000	Stock	40,000
General Reserve		10,000	Furniture	80,000
			Plant and Machinery	80,000
Capitals				
C	1,20,000			
D	80,000	2,00,000		
		2,60,000		2,60,000

On the above date, E was admitted for $\frac{1}{4}$th share in the profits on the following terms:

(i) E will bring 1, 00,000 as his capital and 20,000 for his share of goodwill premium half of which will be withdrawn by C and D.

(ii) Debtors 2,000 will be written off as bad debts and a provision of 4% will be created on debtors for bad debts and doubtful debts.

(iii) Stock will be reduced by ₹2,000, furniture will be depreciated by ₹4,000 and 10% depreciation will be charged on plant and machinery.

(iv) Investments of 7,000 not shown in the Balance Sheet will be takes into account.

(v) There was an outstanding repairs bill of ₹2,300 which will be recorded in the books.

Pass necessary journal entries for the above transactions in the books of the firm on E's admission.

OR

Sameer,Yasmin and Saloni were partners in a firm sharing profits and losses in the ratio of 4:3:3. On 31.3.2016, their Balance Sheet was as follows:

Balance Sheet of Sameer, Yasmin and Saloni
As on 31.3.2016

Liabilities		₹	Assets		₹
Creditors		1,10,000	Cash		80,000
General Reserve		60,000	Debtors	90,000	
Capitals:			Less : Provision	10,000	80,000
Sameer	3,00,000		Stock		1,00,000
Yasmin	2,50,000		Machinery		3,00,000
Saloni	1,50,000	7,00,000	Building		2,00,000
			Patents		60,000
			Profit and Loss Account		50,000
		8,70,000			8,70,000

On the above date, Sameer retired and it was agreed that:

(i) Debtors of 4,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.

(ii) An unrecorded creditor of 20,000 will be recorded.

(iii) Patents will be completely written off and 5% depreciation will be charged on stock, machinery and building.

(iv) Yasmin and Saloni will share future profits in the ratio of 3:2

(v) Goodwill of the firm on Sameer's retirement was valued at ₹5, 40,000.
Pass necessary journal entries for the above transactions in the books of the firm on Sameer's retirement

SECTION B

18. State whether the following will increase, decrease or have no effect on cash flow from operating activities while preparing 'Cash Flow Statement':
(i) Decrease in outstanding employees benefits expenses by ₹3,000
(ii) Increase in prepaid insurance by ₹2,000

19. Will 'acquisition of machinery by issue of equity shares' be considered while preparing 'Cash Flow Statement'? Give reason in support of your answer.

20. State the objectives of 'Analysis of Financial Statements'.

21. Financial Statements are prepared following the constituent accounting concepts principles procedures and also the legal environment in which the business organisation operate. These statements are the source of information on the basis of which conclusions are drawn about the profitability and financial position of a company so that their users can easily understand and use them in their economic decisions in a meaningful way.
From the above statements identify any two values that a company should observe while preparing its financial statements. Also, State under which major headings and sub-headings the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act 2013.
(i) Capital Reserve
(ii) Calls-in-Advance
(iii) Loose Tools
(iv) Bank overdraft

22. The proprietary ratio of M Ltd. is 0.80:1 State with reasons whether the following transactions will increase, decrease or not change the proprietary ratio:
(i) Obtained a loan from bank ₹2, 00,000 payable after five years.
(ii) Purchased machinery for cash ₹75,000
(iii) Redeemed 5% redeemable preference shares ₹1,00,000
Issued equity shares to the vendors of machinery purchased for ₹4,00,000.

23. From the following Balance Sheet as SRS Ltd and the additional information as in 31.3.2016, prepare a Cash Flow Statements :

Balance Sheet of SRS Ltd as at 31-3-2016

Particulars	Note No.	31-03-2016 ₹	31-03-2015 ₹
I. Equity and Liabilities			
1. Shareholder's Funds			
(a) Share Capital		4,50,000	3,50,000
(b) Reserve and Surplus	1	1,25,000	50,000
2. Non - Current Liabilities			
(a) Long – term borrowings	2	2,25,000	1,75,000
3. Current Liabilities			

(a) Short – term borrowings	3	75,000	37,500
(b) Short – term provisions	4	1,00,000	62,500
Total		**9,75,000**	**6,75,000**
II. Assets			
1. Non – Current Assets			
(a) **Fixed Assets**			
Tangible assets	5	7,32,500	4,52,500
Intangible	6	50,000	75,000
(b) **Non – Current Investments**		75,000	50,000
2. Current Assets			
(a) Current Investments		20,000	35,000
(b) Inventories	7	61,000	36,000
(c) Cash and Cash		36,500	26,500
Total		**9,75,000**	**6,75,000**

Note No	Particulars	31-3-2016 ₹	31-3-2015 ₹
1.	**Reserve and Surplus**		
	(Surplus i.e. Balance in Statement of Profit and Loss)	1,25,000	50,000
		1,25,000	50,000
2.	**Long term borrowings :**		
	12 % Debentures	2,25,000	1,75,000
		2,25,000	1,75,000
3.	**Short – term borrowings :**		
	Bank Overdraft	75,000	37,500
		75,000	37,500
4.	**Short – term provisions**		
	Provisions for tax	1,00,000	62,500
		1,00,000	62,500
5.	**Tangible Assets**		
	Machinery	8,37,500	5,22,500
	Accumulated Depreciation	(1,05,000)	(70,000)
		7,32,500	4,52,500
6.	**Intangible Assets**		
	Goodwill	50,000	75,000
		50,000	75,000
7.	**Inventories**		
	Stock in trade	61,000	36,000
		61,000	36,000

Additional Information:

(i) ₹50,000, 12% debentures were issued on 31.3.2016

(ii) During the year a piece of machinery costing ₹40,000 on which accumulated depreciation was ₹20,000 was sold at a loss of ₹5,000.