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**HS/XII/Com/Ac/NC/20**

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**ACCOUNTANCY**

**(Commerce)**

( New Course )

*Full Marks : 80*

*Time : 3 hours*

*The figures in the margin indicate full marks for the questions*

*General Instructions :*

- (i) This question paper contains two Parts—A and B.
- (ii) Part—A and Part—B are compulsory for all candidates.
- (iii) All parts of the questions should be attempted at one place.

PART—A

**( Accounting for Not-for-Profit Organizations,  
Partnership Firms and Companies )**

( Marks : 60 )

1. Choose and write the correct answer : 1×7=7

(a) Receipts and Payments Account records transactions of

- (i) all credit transactions
- (ii) all cash transactions
- (iii) all revenue transactions
- (iv) all capital transactions

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(b) A and B are partners of a firm. C is admitted and the new profit-sharing ratio is 5 : 3 : 4. A and B made equal sacrifice in favour of C. The old ratio between A and B was

(i) 5 : 3

(ii) 7 : 5

(iii) 1 : 1

(iv) 3 : 2

(c) Capital employed is ₹2,00,000, normal rate of return is 15%, profit during the year is ₹48,000. Therefore, the super-profit is

(i) ₹ 30,000

(ii) ₹ 18,000

(iii) ₹ 22,000

(iv) ₹ 16,000

(d) If a fixed amount is withdrawn on the first day of every month, the interest on total drawings will be calculated for

(i) 6 months

(ii) 6.5 months

(iii) 5.5 months

(iv) 7 months

(e) Any change in the relationship of existing partners which result in an end of the existing agreement and enforces the making of a new agreement is called

(i) Reconstitution of Partnership

(ii) Revaluation of Partnership

(iii) Realization of Partnership

(iv) None of the above

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- (f) The portion of called-up capital which is not paid by the shareholders within a specified time is known as
- (i) Calls-in-Arrears
  - (ii) Reserve Capital
  - (iii) Nominal Capital
  - (iv) Subscribed Capital
- (g) Debenture holders are entitled to receive from the company
- (i) share of profit
  - (ii) dividend
  - (iii) interest
  - (iv) None of the above

**2.** Answer the following questions : 1×7=7

- (a) State any two occasions on which a firm can be reconstituted.
- (b) What is meant by guarantee of profit to a partner?
- (c) What is Reserve Capital?
- (d) Give any two sources of finance for redemption of debentures.
- (e) Define goodwill.
- (f) Why is Profit and Loss Appropriation Account prepared?
- (g) Mention one guideline of SEBI regarding Debenture Redemption Reserve (DRR).

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3. From the following information, find out the actual amount of income from subscriptions : 3

	₹
Total subscriptions received during the year	80,000
Subscription outstanding at the end of the year	10,000
Subscription outstanding at the beginning of the year	7,000
Subscription received in advance at the beginning of the year	6,000
Subscription received in advance at the end of the year	5,000

Or

Calculate the amount of sports material to be shown to the Income and Expenditure Account of Capital Sports Club for the year ended 31.3.2019 on the basis of the following information :

	1.4.2018	31.03.2019
	₹	₹
Stock of sports material	7,500	6,400
Creditors for sports material	2,000	2,600

Amount paid for sports material during the year was ₹19,000.

4. B Ltd. forfeited 100 shares of ₹100 each issued at ₹10 premium (at the time of allotment) on which first call of ₹30 per share was not received the final call of ₹20 per share is not yet called. 40 of these shares were subsequently reissued at ₹70 per share as ₹80 paid-up.

Give necessary Journal Entries for forfeiture and its reissue.

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5. A and B started a partnership business on 1st April, 2017. Their capital contributions were ₹2,00,000 and ₹1,50,000 respectively. The partnership deed provided :

(i) Interest on capital at 10% p.a.

(ii) A to get a salary of ₹ 24,000 p.a. and B ₹ 3,000 per month

(iii) Profits are to be shared in the ratio of 3 : 2

The profit for the year ended 31.3.2018 before making above appropriations were ₹2,16,000. Interest on drawings amounted to ₹2,200 for A and ₹2,500 for B.

Prepare Profit and Loss Appropriation Account.

4

6. Babita, Chetan and David are partners in a firm sharing profits in the ratio of 2 : 1 : 1 respectively. Firm closes its accounts on 31st March every year. Chetan died on 30th September, 2018. There was a balance of ₹1,25,000 in Chetan's Capital Account in the beginning of the year. In the event of death of any partner, the partnership deed provides the following :

(i) Interest on capital will be calculated at the rate of 6% p.a.

(ii) The executor of deceased partner shall be paid ₹24,000 for his share of goodwill

(iii) His share of reserve fund which is ₹12,000 shall be paid to his executor

(iv) His share of profit till the death will be calculated on the basis of sales. It is also specified that the sales during the year 2017-18 were ₹4,00,000. The sales from 1st April, 2018 to 30th September, 2018 were ₹1,20,000, the profit of the firm for the year ending 31st March, 2018 was ₹2,00,000

Prepare Chetan's Capital Account to be prepared to his executors.

4

7. Pass the necessary Journal Entries for issue of 1000, 7% debentures of ₹100 each in the following cases : 4

(i) Issued at 5% premium redeemable at a premium of 10%

(ii) Issued at par and redeemable at premium of 8%

Or

Mahesh Ltd. purchased a machinery worth ₹1,10,000, half the payment was made by cheque and the remaining half by issuing 12% debentures of ₹100 each at a premium of 10%.

Pass the necessary Journal Entries.

8. The following is the Receipts and Payments Account of a New Sports Club for the year ended 31.12.2018 :

*Receipts & Payments Account of a New Sports Club  
for the year ended 31st December, 2018*

<i>Receipts</i>	₹	<i>Payments</i>	₹
To Cash in Hand	150	By Ground Men's Fee	1,500
” Cash at Bank	2,100	” Mowing Machine	1,100
” Subscriptions	5,800	” Rent	500
” Tournament Fund	1,500	” Salaries to Coaches	3,600
” Life Membership Fees	2,000	” Tournament Expenses	900
” Entrance Fees	200	” Office Expenses	2,400
” Donation for Pavilion	3,000	” Sports Equipment	
” Sale of grass	100	Purchased	1,200
		” Cash in Hand	350
		” Cash at Bank	3,300
	<u>14,850</u>		<u>14,850</u>

Subscription due on 31st December, 2017 and on 31st December, 2018 were ₹900 and ₹800 respectively. Subscription received also include subscription for 2019 ₹200.

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Sports equipment on hand on 31st December, 2017 was ₹1,100. The value placed on equipment on hand on 31st December, 2018 was ₹1,300.

The Mowing Machine was purchased on 1st July, 2018 and is to be depreciated @ 20% p.a.

Office expenses include ₹300 for 2017 and ₹400 are still due for payment.

Tournament receipts and expenses are to be separated from general incomes and expenses.

Prepare Income and Expenditure Account. 6

Or

Following is the Receipts and Payments Account of Literacy Club for the year ended 31.3.2018 :

*Receipts & Payments Account of Literacy Club  
for the year ended 31st December, 2018*

<i>Receipts</i>		₹	<i>Payments</i>		₹
Balance b/d		19,550	Salaries		3,000
Subscriptions :			Newspapers		2,050
2016-17	1,200		Electricity Bill		1,000
2017-18	26,500		Fixed Deposits		
2018-19	500	28,200	(on 1.7.2017 @ 9% p.a.)		20,000
Sale of Newspapers		1,250	Books		10,600
Govt. Grants		10,000	Rent		6,800
Sale of old Furniture			Furniture		10,500
(book value 7,000)		5,700	Balance c/d		11,200
Interest on Fixed Deposits		450			
		<u>65,150</u>			<u>65,150</u>

*Additional Information :*

- (i) Subscriptions outstanding as on 31.03.2017 were ₹2,000 and 31.3.2018 ₹2,500

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- (ii) On 31.03.2018, salary outstanding was ₹600 and rent outstanding was ₹1,200.
- (iii) The Club owned furniture ₹15,000 and books ₹7,000 on 1.04.2017

Prepare Income and Expenditure Account.

9. A, B and C are partners who share profits and losses in the ratio 3:2:1. They decided to dissolve the partnership firm on 31st March, 2018. The Balance Sheet at this date is as follows :

*Balance Sheet of A, B and C  
as on 31st March, 2018*

<i>Liabilities</i>	<i>₹</i>	<i>Assets</i>	<i>₹</i>
Capitals :		Goodwill	2,000
A 10,000		Machinery	10,000
B 1,000		Stock	4,000
C 7,200	18,200	Debtors	7,800
Creditors	8,800	Cash	3,200
	<u>27,000</u>		<u>27,000</u>

A took over the machinery at ₹8,000. Amount realized from Debtors ₹6,300; Stock ₹3,600 and Goodwill ₹1,000. Creditors were paid at a discount of ₹400. Realization expenses were ₹300.

Prepare Realization Account, Partners' Capital Accounts and Cash Account.

6



( 9 )

Or

A, B and C are partners sharing profits and losses in the proportion of 4 : 3 : 2. Their Balance Sheet as at 31st March, 2018 stood as follows :

*Balance Sheet of A, B and C  
as on 31st March, 2018*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capitals :		Machinery	5,500
A	4,000	Stock	2,000
B	2,000	Debtors	1,000
C	500	Cash	1,500
Creditors	3,500		
	<u>10,000</u>		<u>10,000</u>

They agree to dissolve partnership on 31st March, 2018. A agreed to take over the stock at a valuation of ₹1,500 and the debtors at a valuation of ₹700.

The machine is sold at an auction of ₹2,700.

Prepare Realization Account, Partners' Capital Accounts and Cash Account.

- 10.** A and B are partners sharing profits and losses in the ratio 2 : 3. On 31st March, 2018, their Balance Sheet was as under :

*Balance Sheet of A and B  
as on 31st March, 2018*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capitals :		Cash	18,000
A 48,000		Bills Receivables	24,000
B 84,000	1,32,000	Furniture	28,000
Creditors	64,000	Stock	44,000
Bills Payable	32,000	Debtors	42,000
Profit and Loss Account	14,000	Investments	32,000
		Machinery	34,000
		Goodwill	20,000
	<u>2,42,000</u>		<u>2,42,000</u>

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They admit C into partnership on the following terms :

- (i) Furniture and Machinery are to be depreciated by 15%
- (ii) Stock is revalued at ₹48,000
- (iii) Outstanding Rent amounted to ₹1,800
- (iv) Prepaid salaries ₹800
- (v) C will bring ₹30,000 towards capital and ₹6,000 as premium for goodwill for  $\frac{1}{6}$  th share of profit. Capital of A and B are to be adjusted in the new profit-sharing ratio taking the capital of C as the base
- (vi) Adjustment of capitals will be made in cash

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet.

8

Or

Ajay, Vijay and Naresh were partners sharing profits in the proportions of  $\frac{1}{2}$ ,  $\frac{1}{3}$  and  $\frac{1}{6}$  respectively. The Balance Sheet of the firm on 31st March, 2018 was as follows :

*Balance Sheet of Ajay, Vijay and Naresh as on 31st March, 2018*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Sundry Creditors	17,000	Cash at Bank	10,000
Workmen's Compensation Fund	13,000	Debtors	40,000
Reserve Fund	18,000	Less : Provision	<u>1000</u>
Capitals :		Stock	15,000
Ajay	40,000	Investments	16,000
Vijay	30,000	Patents	8,000
Naresh	20,000	Plant and Machinery	50,000
	<u>1,38,000</u>		<u>1,38,000</u>

Naresh retired on the above date on the following terms :

- (i) Goodwill of the firm was valued at ₹ 42,000 and it is to be adjusted through Partners' Capital Accounts

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- (ii) Value of patents was to be reduced by 20% and that of Plant and Machinery to 90%
- (iii) Provision for doubtful debts was to be raised to 6%
- (iv) Naresh took over the investments at a value of ₹17,800
- (v) Liability on account of Workmen Compensation Fund was only ₹12,600

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet.

11. A company issued 10000 shares of ₹10 each payable as follows :

On application — ₹ 3

On allotment — ₹ 3

On first call — ₹ 2

On second and final call — ₹ 2

Applications were received for 20000 shares. Applications for 5000 shares were rejected and allotment was made proportionately to the remaining applicants. The directors made both the calls and all the money were received, except the allotment, first call and final call on 400 shares, which were subsequently forfeited. Later, 300 of the forfeited shares were reissued as fully paid @ ₹9 per share.

Give Journal Entries to record the above transactions. 8

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*Or*

A Limited Company invites applications for 50000 Equity Shares of ₹10 each payable as follows :

On application—₹3

On allotment—₹4

On first call—₹2

On final call—₹1

Applications were received for 70000 shares. Allotments were made on the following bases :

- (i) To applicants for 10000 shares, in full.
- (ii) To applicants for 60000 shares—40000 shares.

Excess money paid on applications was utilized towards allotment money.

A shareholder who was allotted 1000 shares out of the group applying for 60000 shares failed to pay allotment money and money due on calls. These shares were forfeited. 600 of forfeited shares were reissued as fully paid on receipt of ₹8 per share.

Pass Journal Entries in the books of the company.

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PART—B

( **Analysis of Financial Statements** )

( Marks : 20 )

**12.** Choose and write the correct answer : 1×3=3

(a) Liquid Asset is equal to

(i) Current Assets + Stock

(ii) Current Assets – Stock

(iii) Current Assets – (Stock + Prepaid Expenses)

(iv) None of the above

(b) Ideal current ratio is

(i) 1 : 1

(ii) 1 : 2

(iii) 2 : 1

(iv) 3 : 1

(c) Cash Flow Statement is governed by

(i) AS-3 (Revised)

(ii) AS-2 (Revised)

(iii) AS-9

(iv) AS-1 (Revised)

**13.** Give the formula of stock turnover ratio. 1

14. State any two limitations of ratio analysis. 1
15. What is meant by cash and cash equivalents while preparing Cash Flow Statement? 1
16. From the following statement of profit and loss for the year ended 31st March, 2019 and 2018, prepare a comparative statement of profit and loss of “Good Services Limited” : 4

<i>Particulars</i>	<i>2019</i>	<i>2018</i>
	₹	₹
Revenue from operations	20,00,000	15,00,000
Other income	10,00,000	4,00,000
Expenses	21,00,000	15,00,000

Rate of income tax was 50%.

17. A business has current ratio of 3 : 1 and quick ratio of 1:2 : 1 and the working capital is ₹1,80,000. Calculate the value of current liability and inventory. 4
18. From the following Balance Sheets of Vivek Ltd., prepare Cash Flow Statement : 6

<i>Particulars</i>	<i>31.03.2018</i>	<i>31.03.2017</i>
	₹	₹
I. <i>Equity and Liabilities</i>		
1. Shareholders' Fund :		
(a) Share Capital	2,90,000	2,50,000
(b) Reserves and Surplus	1,52,000	50,000
2. Current Liabilities :		
(a) Trade Payables	5,000	23,000
(b) Short-term Provisions (provision for tax)	35,000	27,000
	<u>4,82,000</u>	<u>3,50,000</u>

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<i>Particulars</i>	<i>31.03.2018</i> ₹	<i>31.03.2017</i> ₹
<b>II. Assets</b>		
1. Non-current Assets :		
Fixed Assets :		
(a) Tangible Assets :		
(i) Building	80,000	1,00,000
(ii) Plant	70,000	40,000
(b) Intangible Assets	20,000	30,000
2. Current Assets :		
(a) Inventory	95,000	45,000
(b) Trade Receivables	2,00,000	1,20,000
(c) Cash and Cash Equivalents	17,000	15,000
Total	<u>4,82,000</u>	<u>3,50,000</u>

*Additional Information :*

- (i) Depreciation charged on plant was ₹30,000 and on building ₹50,000  
(ii) Income tax paid during the year ₹25,000

*Or*

Following are the Balance Sheets as at 31st March, 2018 and 2017 :

<i>Particulars</i>	<i>31.03.2018</i> ₹	<i>31.03.2017</i> ₹
<b>I. Equity and Liabilities</b>		
1. Shareholder's Fund :		
(a) Share Capital	12,00,000	8,00,000
(b) Reserves and Surplus (Profit and Loss Balance)	3,50,000	4,00,000
2. Non-current Liabilities :		
Long-term Borrowings	4,40,000	3,50,000
3. Current Liabilities :		
Trade Payables	60,000	50,000
	<u>20,50,000</u>	<u>16,00,000</u>

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II. Assets

1. Non-current Assets :

(a) Fixed Assets :

(i) Tangible Assets	12,00,000	9,00,000
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2. Current Assets :

(a) Inventories	2,00,000	1,00,000
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(b) Trade Receivables	3,10,000	2,30,000
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(c) Cash and Cash Equivalent	3,40,000	3,70,000
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	<u>20,50,000</u>	<u>16,00,000</u>
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Prepare a Cash Flow Statement after taking into account that depreciation charged on Tangible Fixed Assets was ₹1,20,000.

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