**CBSE XII ACCOUNTANCY**

**General instructions:**

1. *This question paper contains three parts A, B and C.*
2. *Part A is compulsory for all candidates.*
3. *Candidates can attempt only one part of the remaining parts B and C.*
4. *All parts of a question should be attempted at one place.*

**Q. 1.** List any four factors that help in the creation of goodwill of a partnership firm. 2

**Q. 2.** Give the meaning of 'Authorised Capital'. 2

**Q. 3.** What is meant by 'Preferential Allotment of Shares' ? 2

**Q. 4.** Give any two points of distinction between a share and a debenture. 2

**Q. 5.** Jain and Gupta were partners in a firm sharing profits in 3 : 2 ratio. Their fixed capitals were Jain Rs. 1,00,000 and Gupta Rs. 1,50,000. After the accounts of the year had been closed it was discovered that interest on capital at 10% per annum as provided in the partnership agreement has not been credited to the capital accounts of the partners before distribution of profits. Pass the necessary journal entry to rectify the error. 3

**Q. 6.** Pass necessary journal entries for the issue of 7% debentures in the following cases : 3

1. 100 debentures of Rs. 100 each issued at Rs. 105 each repayable at Rs. 100 each.
2. 100 debentures of Rs. 100 each issued at Rs. 100 each repayable at Rs. 105 each.
3. 100 debentures of Rs. 100 each issued at Rs. 105 each repayable at Rs. 108 each.

**Q. 7.** Arti and Bharti are partners in a firm sharing profits in 3 : 2 ratio. They admitted Sarthi as a new partner and the new profit sharing ratio will be 2:1:1. Sarthi brought Rs. 10,000 for her share of goodwill. Goodwill already appeared in the books of Arti and Bharti at Rs. 5,000.

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

**Q. 8.** What journal entries would be passed for the following transactions on the dissolution of a partnership firm, after transferring various assets (other than cash) and third party liabilities to the Realisation Account ? 4

a. Bank loan Rs. 50,000 was paid.
b. An unrecorded asset realised Rs. 17,000.
c. Stock worth Rs 20,000 was taken over by a partner Rohan for Rs. 14,000.
d. Loss on realisation was Rs. 14,000, which was distributed between the partners Rohan and Mohan in the ratio of 3 : 2.

**Q. 9.** Y Ltd. redeemed Rs. 50,00,000 8% debentures at a premium of 10% out of profits on 31.3.2006. Pass necessary journal entries for the redemption of debentures. 4

**Q. 10.** Z Ltd. issued Rs. 20,00,000 8% debentures on 1.4.2001 at a premium of 5%. On 31.3.2006, out of these Rs. 2,00,000 8% debentures were redeemed by converting them into equity shares of Rs. 100 each issued at par and Rs. 5,00,000 8% debentures were converted into 10% preference shares of Rs. 100 each issued at a premium of 25%.

Pass necessary journal entries in the books of Z Ltd. for the redemption of debentures. 4

**Q. 11.** Vimal Ltd. purchased machinery of Rs. 9,90,000 from Kamal Ltd. The payment to Kamal Ltd. was made by issuing equity shares of Rs. 100 each. Pass necessary journal entries in the books of Vimal Ltd. for purchase of machinery and the issue of shares when

a. shares were issued at par.
b. shares were issued at 10% discount.
c. shares were issued at 25% premium. 4

**Q. 12.** Ravi and Mohan were partners in a firm sharing profits in the ratio of 3 : 2. On 1.3.2007 the firm was dissolved. On that date the Balance Sheet of the firm was as follows :

Balance Sheet of Ravi and Mohan as on 1.3.2007

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---:|---|---:|
| Loan | 1,40,000 | Cash | 20,000 |
| Creditors | 2,60,000 | Building | 10,00,000 |
| Capitals :<br>Ravi 6,00,000<br>Mohan 2,00,000 | | Stock | 80,000 |
| | | Profit & Loss A/c | 1,00,000 |
| | 8,00,000 | | |
| | 12,00,000 | | 12,00,000 |

Building realised Rs. 4,50,000; Stock Rs. 2,00,000. Rs. 2,40,000 were paid to the creditors in full settlement of their account. The firm has a joint life policy of Rs. 2,00,000 which was surrendered for Rs. 90,000. The annual premium paid on the joint life policy was debited to the Profit and Loss Account.
Prepare Realisation Account, Cash Account and Partners' Capital Accounts. 6

Or

B and C were partners in a firm sharing profits in 3 : 1 ratio. On 1.3.2007 their firm was dissolved. On that date B's capital was Rs. 1,20,000 and C's capital was Rs. 90,000.

Creditors on that date were Rs. 40,000 and there was a balance of Rs. 68,000 in general reserve. Cash balance was Rs. 10,000.
Sundry assets realised Rs. 6,00,000 and expenses on dissolution were Rs. 15,000 which were paid by C.
Prepare Realisation Account, Cash Account and Partners' Capital Accounts. 6

**Q. 13.** Janata Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 100 each at a discount of 5%. The amount was payable as follows :

On Application Rs. 30
On Allotment Rs. 40
Balance on First and Final Call

Applications for 1,30,000 shares were received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Overpayments received on applications were adjusted towards sums due on allotment. Vinod, to whom 500 shares were allotted, failed to pay allotment and first and final call. His shares were forfeited. The forfeited shares were re-issued for Rs. 55,000 fully paid up.

Pass necessary journal entries in the books of Janata Ltd., showing the workings clearly. 6

Or

Pass necessary journal entries in the books of Arjun Ltd. for the following transactions : 6

a. 600 8% preference shares of Rs. 100 each issued at a discount of Rs. 5 per share were forfeited for the non-payment of final call of Rs. 30 per share. The forfeited shares were reissued for Rs. 66,000 fully paid up.
b. 1500 equity shares of Rs. 100 each issued at a premium of Rs. 20 per share were forfeited for the non-payment of allotment money (including premium) of Rs. 30 per share. Application money of Rs. 30 per share had been received on these shares. The first and final call of Rs. 60 per share was not made. The forfeited shares were re-issued for Rs. 75,000 fully paid up.

**Q. 14.** A, B and C were partners in a firm sharing profits in proportion of their capitals. On 31.3.2006 their Balance Sheet was as follows :

**Balance Sheet of A, B and C as on 31.3.2006**

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|
| Creditors | 16,000 | Building | 1,40,000 |
| Reserve | 12,000 | Machinery | 60,000 |

| | | | |
|---|---|---|---|
| | | Stock | 8,000 |
| Capitals :<br>A 40,000<br>B 60,000<br>C 1,00,000 | | Debtors | 12,000 |
| | | Cash | 8,000 |
| | 2,00,000 | | |
| | 2,28,000 | | 2,28,000 |

B died on 30.6.2006. Under the partnership agreement the executors of a deceased partner were entitled to :

a. Amount standing to the credit of partner's capital account.
b. Interest on capital at 12% per annum.
c. Share of goodwill. The goodwill of the firm on B's death was valued at Rs. 2,40,000.
d. Share of profit from the closing of last financial year to the date of death on the basis of last year's profit. Profit for the year ended 31.3.2006 was Rs. 15,000.

Prepare B's Capital Account to be rendered to his executors. 6

**Q. 15.** X and Y were partners in a firm sharing profits in 3 : 1 ratio. They admitted Z as a new partner for 1/4 share in the profits. Z was to bring Rs. 20,000 as his capital and the capitals of X and Y were to be adjusted on the basis of Z's capital in the profit sharing ratio. The Balance Sheet of X and Y on 31.3.2006 was as follows :

**Balance Sheet of X and Y on 31.3.2006**

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|
| Creditors | 18,000 | Cash | 5,000 |
| Bills Payable | 10,000 | Debtors | 17,000 |
| General Reserve | 12,000 | Stock | 12,000 |
| Capitals : | | Machinery | 21,000 |
| X 25,000<br>Y 10,000 | | Building | 20,000 |
| | 35,000 | | |
| | 75,000 | | 75,000 |

Other terms of agreement on Z's admission were as follows :

a. Z will bring Rs. 6,000 for his share of goodwill.
b. Building will be valued at Rs. 25,000 and machinery at Rs. 19,000.

c. A provision at 5% on debtors will be created for bad debts.
d. Capital Accounts of X and Y were adjusted by opening Current Accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of X, Y and Z. 8

Or

Vijay, Vivek and Vinay were partners in a firm sharing profits in 2 : 2 : 1 ratio. On 31.3.2006 Vivek retired from the firm. Qn the date of Vivek's retirement the Balance Sheet of the firm was as follows :

**Balance Sheet of Vijay, Vivek and Vinay as on 31.3.2006**

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|
| Creditors | 54,000 | Bank | 55,200 |
| Bills Payable | 24,000 | Debtors 12,000 | |
| Outstanding Rent | 4,400 | Less Provision for doubtful debts 800 | 11,200 |
| Provision for legal claims | 12,000 | Stock | 18,000 |
| Capitals : | | Furniture | 8,000 |
| Vijay 92,000<br>Vivek 60,000<br>Vinay 40,000 | 1,92,000 | Premises | 1,94,000 |
| | 2,86,400 | | 2,86,400 |

On Vivek's retirement it was agreed that :

1. Premises will be appreciated by 5% and furniture will be appreciated by Rs. 2,000. Stock will be depreciated by 10%.
2. Provision for bad debts was to be made at 5% on debtors and provision for legal damages to be made for Rs. 14,400.
3. Goodwill of the firm was valued at Rs. 48,000.
4. Rs. 50,000 from Vivek's Capital Account will be transferred to his loan account and the balance will be paid by cheque.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of Vijay and Vinay after Vivek's retirement. 8

**PART - B**
**(Analysis of Financial Statements)**

**Q. 16.** Give the meaning of 'Cash Flow Statement'. 2

**Q. 17.** A Ltd., engaged in the business of retailing of two wheelers, invested Rs. 50,00,000 in the shares of a manufacturing company. State with reason whether the dividend received on this investment will be cash flow from operating activities or investing activities. 2

**Q. 18.** The Profit and Loss Accounts of Himani & Co. for the years ended March 31, 2005 and 2006 are as follows :

**Himani & Co.**
**Profit and Loss Accounts for the years ended March 31, 2005 and 2006**

| Particulars | 2005 Rs. | 2006 Rs. |
|---|---|---|
| Net Sales | 4,22,300 | 4,02,000 |
| Cost of Goods sold | 3,71,000 | 3,69,000 |
| Gross Profit | 51,300 | 33,000 |
| Operating Expenses | 22,700 | 19,900 |
| Net Profit | 28,600 | 13,100 |
| Income Tax 50% of Net Profit | 14,300 | 6,550 |

Compute percentage changes from 2005 to 2006. 3

**Q. 19.** Explain briefly any three limitations of analysis of financial statements. 3

**Q. 20.** The following are the summarised Profit and Loss Account and the Balance Sheet of Ashoka Ltd. as on 31.3.2006 :

**Ashoka Ltd.**
**Profit and Loss Account for the year ended 31.3.2006**

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|
| Opening Stock | 20,000 | Sales | 2,20,000 |
| Purchases | 1,25,000 | Closing Stock | 10,000 |
| Direct Expenses | 15,000 | | |
| Gross Profit | 70,000 | | |
| | 2,30,000 | | 2,30,000 |
| Salary | 16,000 | | |

| | | | |
|---|---|---|---|
| Loss on Sale of Machinery | 4,000 | | |
| Net Profit | 50,000 | Gross Profit | 70,000 |
| | 70,000 | | 70,000 |

**Ashoka Ltd.**
**Balance Sheet as on 31.3.2006**

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|
| Equity Share Capital | 1,50,000 | Land | 2,00,000 |
| Profit & Loss A/c | 50,000 | Stock | 10,000 |
| Creditors | 75,000 | Debtors | 50,000 |
| Outstanding Expenses | 25,000 | Cash | 40,000 |
| | 3,00,000 | | 3,00,000 |

Calculate any two of the following ratios on the basis of the information given in the above mentioned financial statements : 4

a. Gross Profit Ratio
b. Stock Turnover Ratio
c. Proprietary Ratio

**Q. 21.** Seema Ltd. had a profit of Rs. 20,00,000 for the year ended 31.3.2006 after considering the following :

| | |
|---|---|
| Depreciation on building | Rs. 55,000 |
| Depreciation on plant and machinery | Rs. 37,000 |
| Goodwill written off | Rs. 14,000 |
| Loss on sale of plant and machinery | Rs. 8,000 |

Following was the position of the Current Assets and Current Liabilities of the company as on 31st March, 2005 and 31st March, 2006 :

| Particulars | 31.3.2005 Rs. | 31.3.2006 Rs. |
|---|---|---|

| | | |
|---|---|---|
| Stock | 65,000 | 69,000 |
| Debtors | 40,000 | 25,000 |
| Cash | 47,000 | 74,000 |
| Creditors | 94,000 | 1,03,000 |
| Outstanding Expenses | 5,000 | 3,000 |
| Bills Payable | 49,000 | 58,000 |

Calculate Cash Flow from Operating Activities. 6

Or

With the help of Profit and Loss Account for the year ended 31.3.2006 and Balance Sheets as on 31.3.2005 and 31.3.2006 of Poonam Ltd., calculate 'Cash Flows from Operating Activities'. 6

Profit and Loss Account of Poonam Ltd. for the year ended 31.3.2006

| **Liabilities** | **Amount Rs.** | **Assets** | **Amount Rs.** |
|---|---|---|---|
| Depreciation | 12,000 | Gross Profit | 4,50,000 |
| Salary | 40,000 | | |
| Rent | 70,000 | | |
| Commission | 30,000 | | |
| Other Expenses | 78,000 | | |
| Net Profit | 2,20,000 | | |
| | 4,50,000 | | 4,50,000 |
| Proposed Dividend | 50,000 | | |
| Retained Profit | 1,70,000 | Net Profit | 2,20,000 |
| | 2,20,000 | | 2,20,000 |

**Balance Sheets of Poonam Ltd. as on 31.3.2005 and 31.3.2006**

| **Liabilities** | **2005 Rs.** | **2006 Rs.** | **Assets** | **2005 Rs.** | **2006 Rs.** |
|---|---|---|---|---|---|
| Share Capital | 1,02,000 | 1,39,000 | Plant | 4,00,000 | 4,70,000 |

| | | | | | |
|---|---|---|---|---|---|
| Reserves | 2,00,000 | 3,70,000 | Patents | - | 75,000 |
| Loan | 1,80,000 | 1,05,000 | Stock | 1,17,000 | 1,57,000 |
| Proposed Dividend | 20,000 | 70,000 | Debtors | 95,000 | 87,000 |
| Creditors | 80,000 | 65,000 | Cash | 40,000 | 55,000 |
| Bills Payable | 70,000 | 95,000 | | | |
| | 6,52,000 | 8,44,000 | | 6,52,000 | 8,44,000 |

**PART - C**
**(Computerised Accounting)**

**Q. 16.** What is an alternate key ? 2

**Q. 17.** List the objectives of grouping and hierarchy of accounts. 2

**Q. 18.** With the help of a suitable example explain the concept of DML. 3

**Q. 19.** What are the advantages of DBMS ? 3

**Q. 20.** What is Colour Coding ? 3

**Q. 21.** (a) Design a Bank voucher with the following information of M/s Mohan Ltd. : 3

| **Date** | **V. No.** | **Code** | **Account** | **Amount** |
|---|---|---|---|---|
| 31/12/06 2<br>31/12/06 2<br>31/12/06 2 | 2<br>2<br>2 | 710001<br>720001<br>110001 | Equity Share Capital<br>Premium on Issue<br>Bank | 15,00,000<br>5,00,000<br>20,00,000 |
| Prepared by Ravi | | | Authorised by Venu | |

(b) M/s Mohan Ltd. employs 25 persons whose Salary comprises Basic Pay, Dearness Allowance, House Rent Allowance and City Compensatory Allowance. The following are the rules that govern the payment :

Write the queries in SQL using the following data in MS-Access to compute the allowances :

**House Rent Allowance :** Rs. 5,000 up to a Basic Pay of Rs. 20,000; Rs. 10,000 up to Basic Pay of Rs. 30,000; Rs. 15,000 for Basic Pay above Rs. 30,000.

**City Compensatory Allowance :** @ 10% of Basic Pay subject to a minimum of Rs. 1,500. 3+1=4