

CBSE Board Paper Solution-2020

Class	: XII
Subject	: Accountancy
Set	: 2
Code No	: 67/3/2
Time allowed	: 3 hours
Maximum Marks	: 80

Read the following instructions very carefully and strictly follow them:

- (i) This question paper comprises two parts – A and B. There are 32 questions in the question paper. All questions are compulsory.
- (ii) Part A is compulsory for all candidates.
- (iii) Part B has two options i.e. (1) Analysis of Financial Statements and (2) Computerized Accounting. You have to attempt only one of the given options.
- (iv) Heading of the option opted must be written on the Answer-Book before attempting the questions of that particular OPTION.
- (v) Questions nos. 1 to 13 and 23 to 29 are very short answer type questions carrying 1 marks each.
- (vi) Question nos. 14 and 30 are short answer type-I questions carrying 3 marks each.
- (vii) Questions nos. 15 to 18 and 31 are short answer type-II questions carrying 4 marks each.
- (viii) Questions nos. 19, 20 and 32 are long answer type –I questions carrying 6 marks each.

- (ix) Question nos. 21 and 22 are long answer type-II questions carrying 9 marks each.
- (x) Answers should be brief and to the point. The answer of each part should be written at one place.
- (xi) There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, 2 questions of four marks, 1 question of six marks and 2 questions of eight marks. You have to attempt only one of the choices in such questions.
- (xii) However, separate instructions are given with each part and questions, wherever necessary.

Part A

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

- 1. Riva, Meetu and Asha were partners in a firm sharing profit and losses in the ratio of 1: 2: 3. Meetu died on 31st July, 2019, According to the partnership agreement, her share of profit from the closure of last accounting year till the date of her death was to be calculated on the basis of aggregate profits of two completed years before her death. Profits of the firm for the years ending 31st March, 2018 and 31st March 2019 were ₹ 46000 and ₹ 44,000 respectively. The firm closes its books on 31st March every year. Meetu's share of profit till the date of her death will be**

(1)

- (A) ₹ 20,000**
- (B) ₹ 5,000**
- (C) ₹ 10, 000**
- (D) ₹ 45,000**

Answer: (B)

- 2. Excess value of net assets over purchase consideration at the time of purchase of business is:**

(1)

- (A) Credited to the Capital Reserve.**
- (B) Debited to the Goodwill Account.**
- (C) Credited to the General Reserve Account.**
- (D) Credited to the Vendor's Account.**

Answer: (A)

- 3. First call amount received in advance from the shareholders before it is actually called up by the directors is :**

(1)

- (A) Debited to calls-in-advance account.**
- (B) Credited to share allotment account.**
- (C) Debited to first call account.**
- (D) Credited to calls-in-advance account.**

Answer: (D)

- 4. Supreme Ltd. Issued 1,000, 11% Debentures of ₹ 100 each at par, redeemable after five years at a premium of 10%. The minimum amount invested in Debenture Redemption Investments will be:**

(1)

- (A) ₹ 25,000
- (B) ₹ 27,500
- (C) ₹ 16,500
- (D) ₹ 15,000

Answer: (D)

5. Fill in the blanks for the transaction 'Interest on drawings' ₹ 4000.

(1)

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
 Dr.		4,000	
	To			4,000
	(Being Interest on drawing charged)			

Answer:

Dt.	Particulars		L.F.	Dr. ₹	Cr. ₹
	Partner's capital A/c	Dr.		4,000	
	To Interest on Drawings A/c				4,000
	(Being Interest on drawing charged)				

6. On 1st April, 2018, Queens Club had a Prize Fund of ₹ 4,00,000. During the year it incurred expenses on prizes amounting to ₹ 4,30,000. The balance of Prize Fund in the Balance sheet as on 31st March, 2019 will be :

(1)

- (A) ₹ 30,000
 (B) ₹ 4,00,000
 (C) (₹ 30,000)
 (D) Zero

Answer: (D)

7. Reliable Ltd. Issued 30,000, 12% Debentures of ₹ 100 each as collateral security for a loan of ₹ 20,00,000 taken from syndicate Bank. Fill in the blanks for the journal entry for issue of these debentures as collateral security.

Reliable Ltd.

Journal

Date	Particular	L.F.	Dr. ₹	Cr. ₹
A/C Dr.		
	ToA/C		
	(₹ 30,00,000 debentures issued as collateral security for a loan of ₹ 20,00,000)			

(1)

Answer:

Reliable Ltd.

Journal

Date	Particular	L.F.	Dr. ₹	Cr. ₹
	Debitures Suspense A/c	Dr.	30,00,000	
	To 12% Debitures A/c			30,00,000
	(₹ 30,00,000 debentures issued as collateral security for a loan of ₹ 20,00,000)			

- 8. Mahi and Rajat were in Partnership sharing profits and losses in the ratio of 4: 3. They admitted Kripa as a new partner. Kripa brought ₹ 60,000 as her share of goodwill premium which was entirely credited to Mahi's capital account. On the date of admission, goodwill of the firm was valued at ₹ 4,20,000. Calculate the new profit sharing ratio of Mahi, Rajat and Kripa.**

(1)

Answer:

$$\begin{aligned} \text{Kripa's share of good will} &= \frac{60,000}{4,20,000} \\ &= \frac{1}{7} \end{aligned}$$

New ratio =

$$\text{Mahi} = \frac{4}{7} = \frac{4}{7}$$

$$\text{Rajat} = \frac{3}{7} - \frac{1}{7} = \frac{2}{7}$$

$$\text{Kripa} = \frac{1}{7} = \frac{1}{7}$$

$$4 : 2 : 1$$

9) Which of the following is a revenue receipt for a not-for-profit organization?

(1)

- (A) Endowment Fund**
- (B) Government Grants**
- (C) Life Membership Fees**
- (D) Legacies**

Answer: (B)

10) Subscribed capital is:

(1)

- (A) That part of authorized capital which is issued to the public for subscription.**
- (B) That part of issued capital which has been actually subscribed by the public.**
- (C) That part of subscribed capital which has been called up on the shares.**
- (D) That part of subscribed capital which has not yet been called up on the shares.**

Answer: (B)

11) Krish and Laksh were partners in a firm sharing profits and losses in the ration of 4: 1. They admitted Rani as a new partner. Krish sacrificed $\frac{1}{4}$ th of his share and Laksh sacrificed $\frac{1}{5}$ th of his share in favour of Rani. Rani's share in the profits of the reconstituted firm will be:

(1)

- (A) $\frac{2}{5}$**
- (B) $\frac{6}{25}$**
- (C) $\frac{9}{30}$**
- (D) $\frac{1}{9}$**

Answer: (B)

12) Which of the following statements is not true for Income and Expenditure Account?

(1)

- (A) It records items of revenue nature only.**
- (B) Items recorded in it relate only to the current period.**

(C) Depreciation is not recorded in this account.

(D) It does not have an opening balance.

Answer: (C)

13) Authorised capital of a company is also known as_____.

(1)

Answer: Nominal Capital

14) From the following particular relating to Shyamji Charitable Society, prepare a Receipts and Payments Account for the year ending 31st March, 2019:

(3)

Particulars	Amount ₹
Cash in hand as on 1.4.2018	16,000
Cash at bank as on 1.4.2018	28,000
Subscriptions (including ₹ 11,000 for 2017-18)	60,000
Donations for building	2,90,000
Miscellaneous expenses	98,000
Locker rent	32,000
Entrance fees	41,000

OR

**From the given information of a hospital,
calculate the amount of medicines consumed
during the year 2018-19: (3)**

Particulars	Amount ₹
Payment for purchase of medicines	5,10,000
Creditors for medicines purchased:	
On 01.04.2018	34,000
On 31.03.2019	29,000
Stock of Medicines:	
On 01.04.2018	86,000
On 31.03.2019	39,000
Advance to suppliers of medicines:	
On 01.04.2018	26,000
On 31.03.2019	32,000

Answer:

Receipts and Payment A/c

for the year ending 31st March 2019.

Receipts	₹	Payment	₹
To Cash in hand	16,000	By Misc. expenses	98,000
To Cash at bank	28,000	By balance c/d	3,69,000
To Subscription	60,000		
To Donation	2,90,000		

for building			
To Locker rent	32,000		
To Entrance fees	41,000		
	467000		467000

OR

Calculation of medicine consumed during 2018-2019	
Particulars	
Amount paid for medicines during the year ended 31 st March, 2019	5,10,000
Add: Stock of medicine on 1 st April, 2018	86,000
Advanced paid for medicines carried from the year ended 31 st March, 2018	26,000
Creditors for medicines on 31 st March, 2019	29,000
Less: Stock of medicine on 31 st March, 2019	39,000
Advanced paid for medicines carried from the year ended 31 st March, 2019	32,000
Creditors for medicines on 1 st April, 2018	34,000
Medicines consumed during the year ended 31 st March, 2018	5,46,000

15) From the given Receipts and Payments Account and additional information of Friends Club for the year ending 31st March, 2019.

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

(4)

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	50,400	By Furniture (Purchased on 1.12.2018)	1,20,000
To Donations	44,000	By Salaries	1,00,000
To Sale of Old Sports mart	2,000	By Secretary's honorary	4,000
To Subscriptions:		By Books	44,000
2017 - 18 1,600		By Balance c/d	15,000
2018 - 19 60,600			
2019 - 20 <u>5,000</u>	66,000		
To Entrance fees	1,20,000		
	2,83,000		2,83,000

Additional Information

(i) On 1st April, 2018 the Club had the following balances of assets and liabilities:

Furniture ₹ 1,00,000; Subscriptions in arrears ₹ 2,000 and Outstanding Salary ₹ 6,000.

(ii) The Club had 75 members each paying an annual subscription of ₹ 1,000.

(iii) Charge depreciation of Furniture @ 10% p.a.

Answer:

Income and Expenditure Account of Friends Club for the year ending 31 st March, 2019					
Income		₹	Expenditure		₹
To Salaries	1,00,000		By Donation		44,000
Less: O/S at the beginning	6,000	94,000	By sale of old Sports material		2,000
To Secretary's Honarium		4,000	By Entrance Fees		1,20,000
To Dep. on Furniture		10,667	By subscription	66,600	
To surplus		1,32,333	add: Outstanding	15,000	

		(2018-19)		
		Less: outstanding (2017-18)	1,600	
		Less : advance subscription (2019-20)	5,000	75,000
	2,41,000			2,41,000

Working Note:

Depreciation on furniture 10% X 1,00,000	10,000
Dep. On furniture purchased or 4 months	
20,000 X 10% X 4/12	667
Total	10,667

Subscription due for the current year (2018-19)	
75 members X 1,000	75,000
Less: Subscription for the year received	60,000
Outstanding subscription for the year	15,000

16) Veena and Somesh were partners in a firm with capital of ₹ 1,00,000 and ₹ 80,000 respectively. They admitted Nisha on 1st April, 2019 as a new partner for shares $\frac{1}{4}$ th share in the future profits of the firm. Nisha brought ₹ 90,000 as her capital. Nisha acquired her share as $\frac{1}{12}$ th from Veena and the remaining from Somesh.

Calculate the value of goodwill of the firm and pass the necessary journal entries on Nisha's admission.

(4)

Answer:

Particulars		Dr. ₹	Cr. ₹
Bank A/c	Dr.	90,000	
To Nisha's capital A/c			90,000
(Being Nisha brought capital)			
Nisha's current A/c	Dr.	22,500	
To Veena			7,500
To Somesh			15,000
(Being goodwill his divided)			

Goodwill = Actual total capital

= 1,00,000 + 80,000 + 90,000

= ₹2,70,000

Capital on the basis of Nisha = 4 × 90,000

= ₹3,60,000

Goodwill =

= 3,60,000 – 2,70,000

= ₹90,000

Nisha's Share = $90,000 \times \frac{1}{4}$

= ₹22,500

Sacrificing ratio

Veena = $\frac{1}{12}$

Somesh = $\frac{1}{4} - \frac{1}{12} = \frac{2}{12}$

= 1 : 2

OR

Asha, Rina and Chahat were partners in a firm sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet as at 31st March, 2019 was as follows:

Balance Sheet of Asha, Rina and Chahat as at 31st March, 2019

(4)

Liabilities		₹	Assets		₹
Creditors		12,00,000	Plant and Machinery		14,80,000
General Reserve		2,00,000	Stock		2,20,000
Capitals:			Sundry Debtors	2,60,000	
Asha	3,00,000		Less Provision for doubtful debts	20,000	2,40,000
Rina	2,00,000		Bank		60,000
Chahat	1,00,000	6,00,000			
		20,00,000			20,00,000

Asha, Rina and Chahat decided to share future profits equally with effect from 1st April, 2019. For this, it was agreed that:

- (i) Goodwill of the firm be valued at ₹ 1,50,000.**
- (ii) Bad debts amounted to ₹ 40,000. A provision for doubtful debts was to be made @5% on debtors.**

Pass the necessary journal entries to record the above transactions in the books of the firm.

Answer:

Particulars		Dr. ₹	Cr. ₹
General Reserve A/c	Dr.	2,00,000	
To Asha			80,000
To Rina			80,000
To Chahat			40,000
(Being distribution of general reserve)			
Asha	Dr.	10,000	
Rina	Dr.	10,000	
To Chahat			20,000
(Being goodwill divided in sacrificing ratio)			

2017-18 **4:5**

Showing your workings clearly, pass the necessary adjustment entry to rectify the error.

Answer:

(B)	69,000	39,000	
(A) – (B)			
Credit	9,000		
Debit		9,000	

Sacrifices = New share – Old share

$$\text{Asha} = \frac{1}{3} - \frac{2}{5} = \left(\frac{1}{15}\right) \text{Gain.}$$

$$\text{Rina} = \frac{1}{3} - \frac{2}{5} = \left(\frac{1}{15}\right) \text{Gain.}$$

$$\text{Chahat} = \frac{1}{3} - \frac{1}{5} = \frac{2}{15}$$

$$\begin{aligned} \text{Goodwill} &= 1,50,000 \times \frac{2}{15} \\ &= 20,000 \end{aligned}$$

18. Aan, Shaan and Mahan were partners in a firm sharing profits and losses in the ratio of 2: 2:1. On 31st March, 2019 their Balance Sheet was as follows:

Balance Sheet of Aan, Shaan and Mahan as at 31st March, 2019

Liabilities		₹	Assets	₹
Creditors		1,20,000	Furniture	3,70,000
Capitals:			Stock	1,50,000
Aan	2,00,000		Debtors	75,000
Shaan	3,00,000		Bank	1,25,000
Mahan	1,00,000	6,00,000		
		7,20,000		7,20,000

Mahan died on 1st December, 2019. The following terms were agreed upon on Mahan's death:

- (i) Goodwill of the firm was valued at ₹80,000.
- (ii) Profit for the year 2019- 20 be taken as having accrued at the same rate as the

previous year. Profits for the year 2018-19 were ₹ 60,000.

- (iii) Half the amount was paid to Mahan's executors immediately.

Pass the necessary journal entries to record the above transactions in the books of the firm.

(4)

Answer:

Particulars		L.F.	Dr. ₹	Cr. ₹
Aan	Dr.		8,000	
Shaan	Dr.		8,000	
To Mahan				16,000
(Being distribution of Goodwill)				
P & L suspense A/c	Dr.		4,000	
To Mahan				4,000
(Being profit transferred)				
Mahan	Dr.		1,20,000	
To Mahan's executors A/c				1,20,000
(Amount due to executor of Mahan)				
Mahan's Executor's A/c	Dr.		60,000	
To Bank A/c				60,000
(Being half amount paid to Mahan)				

Total Goodwill = ₹ 80,000

$$\text{Goodwill} = 80,000 \times \frac{1}{5}$$

$$= ₹16,000$$

share of profit=

$$60,000 \times \frac{4}{12} \times \frac{1}{5}$$

$$= ₹4,000$$

Amount Due =

$$= 1,00,000 + 16,000 + 4,000$$

$$= ₹1,20,000$$

19. Pass the necessary journal entries for the issue of debentures for the following transaction:

(i) Anand Ltd. issued 800, 9% Debentures of ₹500 each at a premium of 20%, to the vendors for machinery purchased for them costing ₹4,80,000.

(ii) Dawar Ltd. issued 5,000, 7% Debentures of ₹200 each at a premium of 5%, redeemable at a premium of 10%.

(iv) Novelty Ltd. issued 1,000, 8% Debentures of ₹100 each at a discount of 5%, redeemable at a premium of 10%.

(6)

Answer:

Particulars		L.F.	Dr. ₹	Cr. ₹
1) Machinery A/c	Dr.		4,80,000	
To Vendor Co. A/c				4,80,000
(Being Machinery purchased)				
Vendor Co. A/c	Dr.		4,80,000	
To 9 % Debenture A/c				4,00,000
To securities premium reserve A/c				80,000
(Being debentures issued to the vendor at 20 % premium)				

2) Bank A/c	Dr.	10,50,000	
To 7% Debenture application and allotment A/c			10,50,000
(Being debentures issued)			
7% Debentures application allotment A/c	Dr.	10,50,000	
Loss on issue of debenture A/c	Dr.	1,00,000	
To 7% Debentures A/c			10,00,000
To Premium on issued of Deb. A/c			50,000
To Premium on redemption of debentures A/c			1,00,000
(Being debentures issued at a premium and redeemable at 10% premium)			

(iii)

Particulars	L.F.	Dr. ₹	Cr. ₹
Bank A/c	Dr.	95,000	
To 8 % Debenture application and allotment A/c			95,000
(Being amount received on issue of debentures)			
8 % Debenture application and allotment A/c	Dr.	95,000	
Loss on issue of debenture A/c	Dr.	15,000	
To 8 % debenture A/c			1,00,000
To Premium on redemption of deb. A/c			10,000
(Being debentures issued at discount and redeemable at Premium)			

OR

(i) On 1st April, 2019, Bright Ltd. issued 4,00,000, 6% Debentures of ₹100 each at a discount of 5%, redeemable after three years. The amount per debentures was payable as follows:

On Application – ₹ 80 per debenture

On Allotment – Balance

The debentures were fully subscribed and all money was duly received.

Pass necessary journal entries for issue of debentures.

(ii) Disha Ltd. took over assets of ₹8,00,000 and liabilities of ₹3,00,000 from Kriti Ltd. for a purchase consideration of ₹6,00,000. The payment was made by issue of 9% Debentures of ₹100 each at 20% premium.

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

Answer:

(i)

Particulars		Dr. ₹	Cr. ₹
(i) Bank A/c	Dr.	3,20,00,000	
To 6% debenture application A/c			3,20,00,000
(Being amount received on debenture application)			
(ii) 6% debenture application A/c	Dr.	3,20,00,000	
To 6% debenture A/c			3,20,00,000
(Being debenture application transferred to 6% debentures A/c)			
(iii) 6% debenture allotment A/c	Dr.	60,00,000	
Discount on issue of debenture	Dr.	20,00,000	
To 6% debenture A/c			80,00,000
(Being debentures allotment due)			

(ii)

Particulars		Dr. ₹	Cr. ₹
(a) Assets A/c	Dr.	8,00,000	
Goodwill A/c	Dr.	1,00,000	
To Liabilities			3,00,000

To vendor company		6,00,000
(Being assets and liabilities taken over)		
(b) Vender company A/c	Dr.	6,00,000
To 9% debenture A/c		5,00,000
To second premium A/c		1,00,000
(Being issue of 9% debenture at 20% premium)		

20. Namita and Akhil were partners in a firm sharing profits and losses in the ratio of 4: 3. The firm was dissolved on 31st March, 2019. After transfer of assets (other than cash) and external liabilities to Realization Account, the following transactions took place:

- (i) Akhil undertook to pay a bank loan of ₹49,000.**
- (ii) There was an old computer which had been completely written off from the books. It was taken over by Namita at ₹3,000.**
- (iii) Investments of ₹39,000 were sold in the open market for ₹32,000. A commission of ₹600 was paid to the broker for the same.**
- (iv) Creditors worth ₹46,000 accepted stock of ₹40,000 at a discount of 10% and the balance was paid to them by cheque.**
- (v) Akhil was appointed to look after the dissolution process for which he was allowed a remuneration of ₹ 13,000. He agreed to bear dissolution expenses. Actual expenses incurred by Akhil were ₹21,000 which were paid by the firm.**

(vi) Profit and loss Account showed a credit balance of ₹14,000 which was distributed between the partners.

Pass the necessary journal entries to record the about transactions in the books of the firm.

(6)

Answer:

	Particulars	L.F.	Dr. ₹	Cr. ₹
1.	Akhil's loan A/c Dr.		49,000	
	To Bank A/c			49,000
	(payment of bank loan)			
2.	Naman's A/c Dr.		3,000	
	To Realisation A/c			3,000
	(Being unrecorded assets taken over)			
3.	Investment A/c Dr.		31,400	
	To Realisation A/c			31,400
	(Being investment sold and commission of 600 paid)			
4.	Realisation A/c Dr.		1,400	
	To Bank A/c			1,400
	(Creditors paid at discount)			
5.	Realisation A/c Dr.		13,000	
	Akhil's capital A/c Dr.		8,000	
	To Bank A/c			21,000
	(Renumeration allowed to partner)			
6.	Realisation A/c Dr.		14,000	
	To Akhil's Capital A/c			8,000
	To Namita's Capital A/c			6,000

	(Profit on realisation transferred to partners' capital A/c)			
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21. Ashish and Nimish were partners in a firm sharing profits and losses in the ratio of 3:2. On 31st March, 2019 their balance Sheet was as follows:

Balance Sheet of Ashish and Nimish as at 31st March, 2019

Liabilities		₹	Assets		₹
Capital			Plant and Machinery		2,90,000
Ashish	3,10,000		Furniture		2,20,000
Nimish	<u>2,90,000</u>	6,00,000	Debtors	90,000	
General Reserve		50,000	Less provision s for doubtful debts	<u>1,000</u>	89,000
Workmen's Compensation Fund		20,000	Stock		1,40,000
Creditors		1,10,000	cash		41,000
		7,80,000			7,80,000

On 1st April, 2019, Geeta was admitted into the partnership for 1/4th share in the profits on the following terms:

- (i) Goodwill of the firm was valued at ₹ 2, 00,000.
- (ii) Geeta brought ₹ 3, 00,000 as her capital and her share of goodwill premium in cash.
- (iii) Bad debts amounted to ₹ 2,000. Create a provision for doubtful debts @5% on debtors.
- (iv) Furniture was found undervalued by ₹65,400.
- (v) Stock was taken over by Nimish for ₹ 1,30,000.
- (vi) The liability against workmen's compensation fund was determined at ₹30,000.
- (vii) After the above adjustments, the capitals of Ashish and Nimish were to be adjusted, the capitals of Ashish and Nimish were to adjust taking Geeta's capital as the base. Excess or shortage was to be adjusted by opening current accounts.

Prepare revaluation account, Partners' Capital Account and the Balance sheet of the after Geeta's admission.

Answer:

Geeta's share of Goodwill

$$2,00,000 \times \frac{1}{4} = 50,000$$

$$\text{Ashish} = \frac{9}{20} \times 12,00,000 = 5,40,000$$

$$\text{Nimish} = \frac{6}{20} \times 12,00,000 = 3,60,000$$

$$\text{Geeta} = \frac{5}{20} \times 12,00,000 = 3,00,000$$

$$\begin{aligned} \text{Cash} &= 41,000 + 3,00,000 + 50,000 \\ &= ₹3,91,000 \end{aligned}$$

Revaluation Account			
Particulars	₹	Particulars	₹
To Bad Debts	1,000	By Loss on revaluation	
To Provision for D/D	4,450	Ashish	54,510
To Furniture	65,400	Nimish	36,340
To Stock	10,000		
To work men compensation	10,000		
	90,850		90,850

Partner's capital Account							
Particulars	Ashish	Nimish	Geeta	Particulars	Ashish	Nimish	Geeta
To Loss on Rev	54,510	36,340		By Balance b/d	3,10,000	2,90,000	
To Ashish			30,000	By Bank			3,50,000
To Nimish			20,000	By General reserve	30,000	20,000	
To Stock		1,30,000		By Premium goodwill	30,000	20,000	
To balance s/d	5,40,000	3,60,000	3,00,000	By current a/c	2,24,510	1,96,340	
	5,94,510	5,26,340	3,50,000		5,94,510	5,26,340	3,50,000

OR

Radha, Manas and Arnav were partners in a firm sharing profits and losses in the ration of 3:1:1: Their Balance sheet as at 31st March. 2019 was as follows:

Balance Sheet of Radha, Manas and Arnav as at 31st March, 2019

Liabilities		₹	Assets		₹
Capitals:			Furniture		4,60,000
Radha	4,00,000		Investments		2,00,000
Manas	3,00,000		Stock		2,40,000
Arnav	2,00,000	9,00,000	Debtors	2,20,000	
Investment Fluctuation fund		1,10,000	Less provision for doubtful debts	<u>10,000</u>	2,10,000
Creditors		2,50,000	Cash		1,50,000
		12,60,00			12,60,000

Manas retired on 1st April, 2019. It was agreed that:

- (i) Stock was to be appreciated by 20%.**
- (ii) Provision for doubtful debts was to be increased to ₹ 15,000.**
- (iii) Value of furniture was to be reduced by ₹ 1, 90,000.**
- (iv) Goodwill of the firm was valued at ₹2, 00,000 and Manas's share was adjusted in the accounts of Radha and Arnav.**
- (v) Manas was paid ₹ 68,000 in cash and the balance was transferred to his loan account.**
- (vi) Capitals of Radha and Arnav were to be in proportion to their new profit sharing ratio. Surplus/deficit, if any, in their capital accounts was to be adjusted through current accounts.**

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

Answer:

Revaluation A/c			
Particular	₹	Particular	₹
To Provision	5,000	By Stock	48,000
To Furniture	3,000		
To Profit transfer to capital			
Radha	24,000		
Manas	8,000		
Arnav	8,000	40,000	
	48,000		48,000

Partner's Capital A/c							
Particulars	Radha	Manas	Arnav	Particulars	Radha	Manas	Arnav
To Manas	30,000		10,000	By balance b/d	4,00,000	3,00,000	2,00,000
To cash		68,000		By investment fluctuation fund	60,000	20,000	20,000
To Current A/c			50,000	By Rev profit	24,000	8,000	8,000
To Manas Loan a/c		3,00,000		By Radha		30,000	
To balance c/d	5,04,000		1,68,000	By Arnav		10,000	
				By Current A/c	50,000		
	5,34,000	3,68,000	2,28,000		5,34,000	3,68,000	2,28,000

Balance sheet			
Liabilities	₹	Assets	₹

Current A/c	50,000	Furniture	4,57,000
Capital		Investment stock	1,90,000
Radha	5,04,000	Debtors	2,20,000
Aarav	1,68,000	Less	15,000
	6,72,000		2,88,000
Creditors	2,50,000	Provision	2,05,000
Manna's loan	3,00,000	Current A/c	50,000
		cash	82,000
	12,72,000		12,72,000

22. Rathi Ltd. Invited applications for issuing ₹1,00,000 shares of ₹ 10 each at a premium of ₹ 2 per share. Amount per share was payable as follows:

On Application - ₹ 4 (including premium ₹ 1)

On Allotment - ₹ 4 (including premium ₹ 1)

On first and final call - balance

Application were received for 1, 50,000 shares and allotment was made to the applicants as follows:

- (i) Application of 80,000 shares were allotted 60,000 shares.**
- (ii) Applicants of 50,000 shares were allotted 40,000 shares.**
- (iii) No shares were allotted to the remaining applicants and their application money was returned.**

Yatin, who belonged to category (ii) and who had applied for 5,000 shares failed to pay the allotment and call money. His shares were forfeited. Later, half of Yatin's forfeited shares were reissued @ 18 per share as fully paid up.

Pass the necessary journal entries to record to above transactions in the books of Rathi Ltd.

Answer:

Particulars		Dr. ₹	Cr. ₹
Bank A/c	Dr.	6,00,000	
To share application A/c			6,00,000
(Being share application money received)			
Share Application A/c	Dr.	6,00,000	
To share capital A/c			3,00,000
To securities premium A/c			1,00,000
To share allotment A/c			1,20,000
To Bank A/c			80,000
(Being share application money adjusted).			
Share allotment A/c	Dr.	4,00,000	
To share capital A/c			3,00,000
To Securities Premium A/c			1,00,000
(Being share allotment the along with Securities Premium)			
Bank A/c	Dr.	2,76,000	
To share allotment A/c			2,76,000
(Being allotment money received)			
Share first and final call A/c	Dr.	4,00,000	
To Share Capital A/c			4,00,000
(Being share first and final call due)			
Bank A/c	Dr.	3,84,000	
To Share first and final call A/c			3,84,000
(Being share first and final call received)			
Share Capital A/c	Dr.	40,000	
Securities Premium A/c	Dr.	4,000	
To Share forfeiture A/c			16,000
To Calls in arrears A/c			28,000
(Being shares forfeited)			
Bank A/c	Dr.	72,000	
To Share Capital A/c			40,000
To Securities Premium Reserve A/c			32,000
(Being forfeited shares reissued)			

Amount due on allotment	4,00,000
Less already received with application	1,20,000
	2,80,000
Less not received from Yatin on allotment	4,000
Amount received on allotment	2,76,000

Amount not received from Yatin

$$\begin{aligned}\text{Shares allotted to Yatin} &= 5000 \times \frac{4}{5} \\ &= 4000\end{aligned}$$

Amount received from Yatin

$$(5000 \times 4) = 20000$$

Less adjusted with application = 16000

$$(4000 \times 4)$$

Not received on allotment = ₹4000

OR

Eiko Ltd. Invited applications for issuing 2, 00,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows:

On application - ₹ 4 per share

On allotment - ₹ 6 per share (including premium ₹ 3)

On first and final call -Balance

Applications were received for 3, 00,000 shares and allotment was made on pro-rata basis to all the applications. Money overpaid on application. Money

overpaid on applications was utilized towards sums due on allotment. Sunil, who applied for 6,000 shares failed to pay the allotment money while Rishab holding 2,000 shares paid the first and final call money with allotment. Sunil's shares were forfeited immediately after allotment. Thereafter, first and final call was made and was duly received. Half of the forfeited shares were reissued to Varsha as fully paid for ₹ 9 per share.

Pass the necessary journal entries to record the above transaction in the books of Eiko Ltd.

Answer:

Particulars		Dr. ₹	Cr. ₹
Bank A/c	Dr.	12,00,000	
To Share application A/c			12,00,000
(Being application money received on 3,00,000 shares @ ₹ 4 per share)			
Share application A/c	Dr.	12,00,000	
To Share Capital A/c			8,00,000
To Share allotment A/c			4,00,000
(Being Share application money transferred to Share Capital account)			
Share allotment A/c	Dr.	12,00,000	
To Share Capital A/c			6,00,000
To Securities Premium A/c			6,00,000
(Being securities premium paid)			
Bank A/c	Dr.	11,84,000	
To Share allotment A/c			11,84,000
(Being Share allotment money received)			
Share capital A/c	Dr.	28,000	
To Share forfeiture A/c			12,000
To Share allotment A/c			16,000

	(Being Share forfeited)		
	Share first and final A/c	Dr.	5,88,000
	To Share Capital A/c		5,88,000
	(Being Share first and final call due)		
	Bank A/c	Dr.	5,82,000
	To Share first and final call A/c		5,82,000
	(Being Share first and final call received)		
	Bank A/c	Dr.	18,000
	Share forfeiture A/c	Dr.	2,000
	To Share Capital A/c		20,000
	(Being balance in Share forfeiture account transferred to Capital reserve)		

Share allotted to Sunil =

$$\frac{2}{3} \times 6,000 = 4,000$$

Amount received on application = 24,000

less application adjusted with application = 16,000

$$(4000 \times 4) = 16,000$$

Excess application on allotment = 8,000

Amount due to him on allotment =

$$(4000 \times 4) = 16,000$$

Less already received = 8,000

Not received on allotment = 16,000

Amount received on allotment = 12,000

Less not received = 16,000

Less security premium = 4,000

$$= 12,000$$

PART B

OPTION 1

(Analysis of Financial Statements)

23. 'Prepaid Insurance' appears in the Balance Sheet of a company under the sub-head _____.

(1)

Answer: Current Asset

24. The debt-equity ratio of X Ltd. is 1:2. Will 'issue of bonus shares' increase, decrease or not change the ratio? Give reasons in support of your answer.

(1)

Answer: No Change. Neither the Shareholder's Funds nor the total assets are affected since it is a conversion of reserves and surplus into share capital.

25. For a company manufacturing garments, procurement of raw material, incurrence of manufacturing expenses, sale of garments are classified as. _____ activities.

(1)

Answer: Operating

26. Paid ₹ 7,00,000 to acquire share in K.L. Ltd. and received a dividend of ₹ 20,000 after acquisition. These transactions will result in

(1)

(A) Cash used in investing activities ₹ 7,00,000.

(B) Cash generated from financing activities ₹ 7,20,000.

(C) Cash generated from financing activities ₹ 6,80,000.

(D) Cash used in investing activities ₹ 6,80,000.

Answer: (D)

27. Which of the following is not a tool of Financial Statements Analysis?

(1)

(A) Balance Sheet

(B) Cash Flow Statement

(C) Statement of Profit and Loss

(D) All of the above

Answer: (C)

28. State the objective of preparing Cash Flow Statement.

(1)

Answer: Primary Objective of cash flow statement is to provide information about the cash receipts and cash payments for operating, investing and financing activities.

29. 'Calls in advance' appears in the company's Balance Sheet under the head:

(1)

- (A) Non-Current Assets
- (B) Current Liabilities
- (C) Shareholders Funds
- (D) Non-Current Liabilities

Answer: (B)

30. Calculate the Current Ratio and Debt-Equity Ratio from the following information:

(3)

	₹
Current Assets	16,00,000
Current Assets	4,00,000
Working Capital	2,00,000
Non-current Liabilities	12,00,000

OR

From the following information, determine the opening inventory and the closing inventory:

Inventory Turnover Ratio	=	5 times
Revenue from Operations	=	₹ 8,00,000

Gross Profit Ratio	=	25%
---------------------------	----------	------------

Closing inventory was ₹ 20,000 more than the opening inventory.

(3)

Answer:

Working capital = Current Assets – Current Liabilities

2,00,000 = 4,00,000 - Current Liabilities

Therefore, Current Liabilities = 2,00,000

$$\begin{aligned}\text{Current Ratio} &= \frac{\text{Current Assets}}{\text{Current Liabilities}} \\ &= \frac{4,00,000}{2,00,000} = 2:1\end{aligned}$$

OR

$$\text{Inventory Turnover Ratio} = \frac{\text{Revenue from Operations}}{\text{Average Inventory}}$$

$$5 = \frac{8,00,000}{\text{Average Inventory}}$$

$$\text{Average Inventory} = \frac{8,00,000}{5} = ₹1,60,000$$

$$\frac{\text{Closing Inventory} + \text{Opening Inventory}}{2} = ₹1,60,000$$

Let us assume, Opening Inventory as X

Therefore, $X + 20,000 + \frac{X}{2} = 1,60,000$

Therefore $X = 1,50,000$

And, Closing Inventory = $1,50,000 + 20,000$
 $= ₹1,70,000$

31. From the following information obtained from the books of Vichar Ltd., prepare a comparative Statement of Profit and Loss for the year ending 31st March, 2019:

(4)

Particulars	2018 - 19	2017 - 18
Revenue from operations	300% of cost of materials consumed	200% of cost of materials consumed
Cost of materials consumed	₹ 4,00,000	₹ 2,00,000
Other expenses	20% of cost of materials consumed	20% of cost of materials consumed
Tax rate	50%	50%

OR

From the following Balance Sheet of Sanchi Ltd., as at 31st March, 2019, prepare a common size Balance Sheet:

(4)

Sanchi Ltd.

Balance Sheet as at 31st March, 2019

	Particulars	Note No.	31.3.2019 ₹	31.3.2018 ₹
I	– Equity and Liabilities:			
1	Shareholders' Funds:			
.				
	(a) Share Capital		4,00,000	2,00,000
	(b) Reserves and Surplus		1,00,000	70,000
2	Non-Current Liabilities:			
.				
	Long-term Borrowings		3,00,000	4,30,000
3	Current Liabilities:			
.				
	Trade Payables		2,00,000	3,00,000
	Total		10,00,000	10,00,000
II	- Assets:			
1	Non-Current Assets:			
.				
	Fixed Assets:			
	Tangible Assets		6,00,000	5,00,000
2	Current Assets:			
.				
	(a) Inventories		2,50,000	2,00,000
	(b) Cash and Cash Equivalents		1,50,000	3,00,000
	Total		10,00,000	10,00,000

Answer

Particulars	Note No.	2017-2018	2018-2019	Absolute Change (increase or decrease)	Percentage change (increase or decrease)
I. Revenue from Operations		4,00,000	12,00,000	8,00,000	200
II. Less: Expenses		40,000	80,000	40,000	100
III. Profit		3,60,000	11,20,000	7,60,000	211.11

	before Tax				
IV.	Less Tax		1,80,000	5,60,000	3,80,000
V.	Profit after Tax		1,80,000	5,60,000	3,80,000
					211.11
					211.11

OR

Sanchi Ltd.

Balance Sheet as at 31st March, 2019

	Particulars	Note No.	31.3.2019 ₹	31.3.2018 ₹	31.3.2019 ₹	31.3.2018 ₹
I – Equity and Liabilities:						
1.	Shareholders' Funds:					
	(a) Share Capital		4,00,000	2,00,000	40	20
	(b) Reserves and Surplus		1,00,000	70,000	10	7
2.	Non-Current Liabilities:					
	Long-term Borrowings		3,00,000	4,30,000	30	43
3.	Current Liabilities:					
	Trade Payables		2,00,000	3,00,000	20	30
	Total		10,00,000	10,00,000	100	100
II - Assets:						
1.	Non-Current Assets:					
	Fixed Assets:					
	Tangible Assets		6,00,000	5,00,000	60	50
2.	Current Assets:					
	(a) Inventories		2,50,000	2,00,000	25	20
	(b) Cash and Cash Equivalents		1,50,000	3,00,000	15	30
	Total		10,00,000	10,00,000	100	100

32. There was 'Nil' net cash flow from operating activities of Ashok Ltd. during the year ending 31st March, 2019. From the following Balances Sheets of Ashok Ltd. as at 31st March, 2019, prepare a Cash Flow Statement:

Ashok Ltd.

Balance Sheet as at 31st March, 2019

	Particulars	Note No.	31.3.2.19 ₹	31.3.2.18 ₹
I -	Equity and Liabilities			
1.	Shareholders' Funds :			
	(a) Share Capital		19,00,000	11,00,000
	(b) Reserves and Surplus	1	1,60,000	2,00,000
2.	Non-Current Liabilities :			
	Long-term Borrowings	2	1,00,000	4,00,000
3.	Current Liabilities :			
	(a) Short-Term Borrowings	3	2,50,000	2,30,000
	(b) Short-Term Provisions	4	1,90,000	2,70,000
	Total		26,00,000	22,00,000
II -	Assets :			
1.	Non-Current Assets :			
	Fixed Assets :			
	(i) Tangible Assets	5	15,00,000	11,00,000
	(ii) Intangible Assets	6	2,80,000	1,70,000
2.	Current Assets :			
	(a) Current Investments		1,30,000	2,90,000
	(b) Trade Receivables		3,90,000	4,10,000
	(c) Cash and Cash Equivalents		3,00,000	2,30,000
	Total		26,00,000	22,00,000

Notes of Accounts:

Note No.	Particulars	31.3.2019 ₹	31.3.2019 ₹
1.	Reserves and Surplus :		

	Surplus (Balance in the Statement of Profit and Loss	1,60,000	2,00,000
2.	Long-term Borrowings : 8 % Debentures	1,00,000	4,00,000
3.	Short-term Borrowings : Bank overdraft	2,50,000	2,30,000
4.	Short-term Provisions : Provision for Tax	1,90,000	2,70,000
5.	Tangible Assets : Plant and Machinery Accumulated Depreciation	16,30,000	11,70,000
		(1,30,000)	(70,000)
		15,00,000	11,00,000
6.	Intangible Assets : Goodwill	2,80,000	1,70,000

Additional information:

(i) A machinery of the book value of ₹ 60,000, (depreciation provided thereon ₹ 20,000) was sold at a loss of ₹ 6,000.

(ii) 8% Debentures were redeemed on 1st July, 2018.

(6)

Answer:

Plant and Machinery A/c			
Particulars	₹	Particulars	₹
To Balance b/d	11,70,000	By Loss on sale	6,000
To Bank A/c	5,20,000	By Bank	34,000
(purchase)		By Dep.	20,000
		By Balance c/d	16,30,000
	16,90,000		16,90,000

Accumulated Depreciation A/c			
Particulars	₹	Particulars	₹
To Machinery	20,000	By Balance b/d	70,000
To balance c/d	1,30,000	By current year Dep.	80,000
	1,50,000		1,50,000

Cash Flow from Investing Activities

Particulars	₹
Purchase of machinery	5,20,000
Sale of machinery	34,000
Purchase of goodwill	1,10,000
	(5,96,000)

Cash Flow from financing Activities

Particulars	₹
Redemption of debentures	3,00,000
Issue of shares	8,00,000
Payment of interest	14,000
	4,86,000

Closing cash = Net cash flow + Opening cash - Transfer to reserve

Closing cash = 1, 10,000 + 2, 30,000 – 40,000

= ₹ 3, 00,000

PART B

OPTION 2

(Computerised Accounting)

23. Which of the following is not a limitation of Computerised Accounting system? (1)

(A) Data may be lost or corrupted due to power interruptions.

(B) Data is prone or hacking.

(C) Data is not made available to everybody.

(D) Unprogrammed and un-specified reports cannot be generated.

Answer: (C)

Data is not made available to everybody. The limitation of CAS comprises of loss of data or corruption due to power interruptions, hacking of data, unspecified and unprogrammed reports cannot be generated and there is fast obsolescence of technology.

24. A cell reference that holds either row or column constant when the formula or function is copied to another location is known as:

(1)

(A) Absolute cell reference

(B) Ranges

(C) Relatives cell reference

(D) Mixed cell reference

Answer: (A)

An absolute cell reference is used when the user wants a cell reference to stay fixed on a specific i.e. there is no

change in cell reference when a function is copied and pasted to another cell.

25. Computerised Accounting system takes

(i) as inputs which are processed through (ii) _____ to generate reports.

(1)

Answer:

(i) Accounting transactions

(ii) Accounting software

CAS takes accounting transactions as inputs that processed with the help of accounting software to generate reports like ledger, day books, etc.

26. A code which consists of alphabet or abbreviation as symbol to codify a piece of information is known as _____ .

(1)

Answer:

Mnemonic code

Mnemonic code consist of alphabets and abbreviation as symbol to codify particular information.

27. The data is classified for creating groups of accounts in the heads of:

(1)

(A) Assets, Liabilities and Capital

(B) Assets, Owners' equity, Revenue and Expenses

(C) Assets, Capital, Liabilities, Revenue and Expenses

(D) Capital, Revenue and Expenses

Answer: (C)

In computerized accounting, data can be classified into assets, capital, liabilities, revenue and expenses.

28. A1 : E2 in Excel refer to

(A) Column on Excel sheet

(B) Row on Excel sheet

(C) Column between start and end points of Excel sheet

(D) Alphabets between A to E Excel sheet.

(1)

Answer: (C)

Ranges are identified by the cell references of the cell in the upper left (A1) and lower right (E2) corners. The ranges involve colon (:) like A1: E2 that tells excel to include all start and end points.

29. To expect a well formatted printable data from Access database, we use:

(1)

- (A) Table**
- (B) Query**
- (c) Form**
- (D) Report**

Answer: (D)

A report helps in creation of well formatted printable data in MS Access.

30. Explain 'Null Values' and 'Complex Attributes'.

(3)

OR

Explain any two types of vouchers used for entry in Tally software with the help of examples.

(3)

Answer:

Null value refers to absence of data item which is represented by a special value.

Due to following reasons, null value occurs in database:

- When a particular attribute doesn't apply to an entity
- When the existing value of an attribute is unknown

- When the value is unknown because it does not exist

Complex attribute are formed by grouping together the attributes of composite and multi-value attributes.

To show the grouping of components of composite attributers, the parenthesis () are used and to show the grouping of components of complex attributes, the brackets { } are used.

OR

Two types of voucher used for entry in tally software:

Sales voucher:

- It is used to record the cash and credit sales of a business.
- In order to view the sale voucher screen, following path is followed

Gateway of tally>accounting voucher>Press F8

Journal voucher:

- It is used to record non-cash transactions of business.
- When a machinery is purchased for business, then the entry is recorded in journal voucher.
- Following path is used for journal voucher

Gateway of tally>accounting voucher> Press F7

31. Explain any two subsystems of accounting information system.

(4)

OR

What is meant by a graph? Explain any three of its advantages.

(4)

Answer:

Two subsystems of accounting information system are:

1. Cash and bank subsystem:

- It involves dealing with receipt and payment of cash both physical and electronic way.
- The electronic fund transfer takes place without physical entry or exit of cash through credit or debit cards or e-banking.

2. Purchase and account payable sub-system

- It involves purchases and payments to creditors
- It helps in ordering of goods, sorting of payments and receipts and, expenses to creditors.
- It also involves generating reports about performance of suppliers, payment mechanisms and schedule and, position of creditors.

OR

Graphs are pictorial representation of data. These are generally 2-dimensional. Also, 3-d graphs are created and used.

Advantages of graph:

- Graphs and charts help in clarity of data as they provide visualization of any trends present in data
- In some high random data like share prices, textual description is not possible for explaining price fluctuations, but graphs help in overcoming this barrier as people can understand graphs more easily.
- Different charts and graphs like pie charts and bar graphs help in multiple visualization of same data for better presentation according to nature of data.

32. S.S. Associates have their offices in Chennai and Ludhiana. HRA for Chennai is ₹ 15,000 and Ludhiana is ₹ 10,000. D.A. is calculated on Basic Pay (BP) as 10% for $BP \leq ₹ 16,000$ and 8% for $BP \geq ₹ 17,000$.

Standard number of days are taken as 30 days per month.

Give the formulae and calculate the amount of Gross Salary using Excel for the following employees:

- Rama is working in Chennai office. Her Basic Pay is ₹ 27,000. She did not avail any leave without pay.**

- (ii) **Pankaj is working in Ludhiana office of S.S. Associates. His Basic Pay is ₹ 15,000. He has taken leave of two days without pay.**

(6)

Answer:

Formula used:

Gross salary = BPE + DA+ HRA + TRA

BPE = Basic pay x (no. of effective days/ no. of days in month)

				HRA for Chennai	₹15000				
				HRA FOR Ludhiana	₹10000				
				DA	Calculated on BP AS 10% for BP<=16000 and 8% for BP >=₹17000				
				Standard number of days	30 days				
Emp no.	Emp name	Deduction	Basic pay	No. of eff days	Basic pay earned	DA (₹)	HRA(₹)	TRA	Gross Salary (₹)
1	Rama (Chennai)		27000	30	27000	2160	15000	0	44160
2	Pankaj (Ludhiana)	2	15000	28	14000	1400	10000	0	25400