

CBSE
Class XII Accountancy
Sample Paper - 3

Time: 3 hrs

Total Marks: 80

General Instructions:

- 1) This question paper contains two parts A and B.
 - 2) Part A consists of 60 marks and Part B consists of 20 marks.
 - 3) All parts of a question should be attempted at one place.
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PART – A

1. A group of 35 people wants to form a partnership firm. These people want your advice related to the maximum number of persons that can be there in a partnership firm and name of the Act under whose provisions it is given. [1]
2. Capital Account is debited when an asset is taken over by a partner. Why? [1]
3. Choose the correct answer from the options given below: [1]
A _____ Account is prepared by the partners of the firm when they mutually decide to give effect to the revaluation of assets and reassessment of liabilities without affecting the existing book values.
 - a) Revaluation
 - b) Realisation
 - c) Memorandum Revaluation
 - d) Profit and Loss Adjustment
4. Name the account to which the 'Balance of Debentures Redemption Reserve' is transferred after all debentures have been redeemed. [1]
5. Sita, Geeta and Rita were partners in a firm sharing profits in the ratio 6:4:2 respectively. Their capitals were Rs. 60,000, Rs. 40,000 and Rs. 20,000 respectively. State the ratio in which the goodwill of the firm, amounting to Rs. 10,00,000, will be adjusted in the capital accounts of the remaining partners on the retirement of Geeta. [1]
6. Choose the correct answer from the options given below: [1]
The group of persons who undertake the responsibility to bring the company into existence by promoting its objects and activities during the initial stage of incorporating a company are known as _____.
 - a) Directors
 - b) Shareholders
 - c) Owners
 - d) Promoters

7. Choose the correct answer from the options given below: [1]
In the event of Admission of a Partner, the share surrendered by the partner is _____ his old share of profit to determine his share in the reconstituted firm.
- a) deducted from
 - b) added to
 - c) divided by
 - d) none of the above
8. What is the treatment of reserves, accumulated profits or losses that exist in the books of account at the time of change in profit sharing ratio among the partners of a firm? [1]
9. What do you mean by hidden goodwill? [1]
10. Shubam Ltd. forfeited 200 equity shares of Rs. 10 each issued at a premium of 20% for non-payment of final call of Rs. 4 including premium. State the maximum amount of discount at which these shares can be reissued. [1]
11. Choose the correct answer from the options given below: [1]
In case of forfeiture of shares, the company must give a clear _____ notice to the defaulting shareholder to pay the amount due on call and interest thereon if any.
- a) 14 days'
 - b) 1 month
 - c) 30 days'
 - d) 45 days'
12. Explain what is Fixed Assets Fund? [1]
13. Where is general donation received shown in the final accounts of a Not-For-Profit Organisation? [1]
14. Choose the correct answer from the options given below: [1]
Goodwill is the _____ of the expected future income in excess of a normal return on the investment in tangible assets or for the excess of price paid for a business as a whole over the book value.
- a) Future Value
 - b) Present Value
 - c) Agreed Value
 - d) Historical Value

15. On the basis of the following information, calculate the amount to be debited to Stationery Account in Income and Expenditure Account for the year end 31st March, 2018: [3]

	Rs.
Stock of stationery on 1 st April, 2017	30,000
Creditors for stationery on 1 st April, 2017	20,000
Amount paid for stationery during 2017-18	1, 08,000
Stock of stationery on 31 st March, 2018	5,000
Creditors for stationery on 31 st March, 2018	13,000

OR

Show how the following information is showed in the final accounts for the year ended 31st March, 2019.

Dr. Receipts and Payments Account for the year ended 31st March, 2019 Cr.

Receipts	Rs.	Payments	Rs.
		By Payment for Sports Material	2,80,000

Extract of Balance Sheet as at 1st April, 2018

Liabilities	Rs.	Assets	Rs.
Supplier of Sports Material	12,000	Sports Material	16,000

Additional Information:

Value of Sports Material on 31st March, 2019 is Rs. 44, 000.

16. On 1st April, 2016, Bindu and Nirja entered into partnership to construct toilets in government schools in the remote areas of Uttar Pradesh. They contributed capitals of Rs. 20,00,000 and Rs. 30,00,000 respectively.

Their profit-sharing ratio was 2:3 and interest allowed on capital as provided in the Partnership Deed was 12% per annum. During the year ended 31st March, 2017, the firm earned a profit of Rs. 5,40,000.

Prepare Profit and Loss Appropriation Account of Bindu and Nirja for the year ended 31st March, 2017. [3]

OR

M, N and O are partners in a partnership firm. N is the partner who has guaranteed the minimum earnings of Rs. 50,000 to the firm. During the period, the firm made earnings of Rs. 41,000. Discuss what amount should be contributed by the partners to ensure the minimum earnings to the firm.

17. Nakul, Divya and Akash are partners sharing profits in the ratio of 5 : 3 : 7. On April 1st, 2016, Nakul gave a notice to retire from the firm. Divya and Akash decided to share future profits in the ratio of 2 : 3. The adjusted capital accounts of Divya and Akash show a balance of Rs. 43,000 and Rs. 90,500 respectively. The total amount to be paid to Nakul is Rs. 1,10,500. This amount is to be paid by Divya and Akash in such a way that their capitals become proportionate to their new profit sharing ratio. Pass

necessary journal entries for the above transactions in the books of the firm. Show working clearly. [4]

18. Rita and Shubhada are partners in a firm sharing profits and losses in the ratio of 3:2. They admit Monika as a partner for $\frac{1}{4}$ th share in the profits of the firm.

Monika brings Rs. 60, 000 as his capital and his share of goodwill in cash. Goodwill of the firm is to be valued at two years' purchase of average profits of the last four years. [4]

The profits of the firm during the last four years are given below:

Year	Profit (Rs.)
2014 - 15	35,000
2015 - 16	47,500
2016 - 17	67,000
2017 - 18	74,500

The following additional information is given:

(i) To cover management cost an annual charge of Rs. 5,625 should be made for the purpose of valuation of goodwill.

(ii) The closing stock for the year ended 31.3.2018 was overvalued by Rs. 1, 500.

Pass necessary journal entries on Monika's admission showing the working notes clearly.

OR

Compute the value of Goodwill from the information given below:

A and B had invested an amount of Rs. 1, 00,000 to start their firm. Average profit of the firm is Rs. 32, 000 and the normal rate of return of the industry is 15%. Goodwill is to be valued at four years' purchase of profits in excess of profits @15% on the money invested.

19. E, F and G are sharing profits and losses in the ratio of 3:2:1. G retires and on the date of his retirement, following balances appeared in the books of the firm: [4]

Employees' Provident Fund = 10,000

Workmen Compensation Reserve = 12,000 (no required in future)

Profit and Loss Account = 15,000 (Dr.)

General Reserve = 90,000

You are required to pass the necessary journal entries for the adjustment of the above items on G's retirement.

20. Laila and Praful were partners in a firm sharing profits in the ratio of 3:7. On 1.4.2016 their firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realisation account, you are given the following information: [6]

a. A creditor of Rs. 4,80,000 accepted machinery valued at Rs. 8,00,000 and paid to the firm Rs. 3,20,000.

b. A Second creditor for Rs. 65, 000 accepted stock at Rs. 53,000 in full settlement of his claim.

- c. A third creditor amounting to Rs. 1,05,000 accepted Rs. 45,000 in cash and investments worth Rs. 47,000 in full settlement of his claim.
d. Loss on dissolution was Rs. 30,000.

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

OR

On 1.4.2014 Ramila Ltd. had Rs. 50,00,000, 9% debentures of Rs. 100 each outstanding.

- (i) On 1.4.2015 the company purchased in the open market 20,000 of its own debentures at Rs. 98 each and cancelled the same immediately.
(ii) On 1.10.2015 the company redeemed at par debentures of Rs. 18,00,000 by draw of a lot.
(iii) On 31.3.2016 the remaining debentures were purchased for immediate cancellation for Rs. 10,95,000. Ignoring interest on debentures and debenture redemption reserve.

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

21. From the following Receipts and Payments Account of Adi National Club and from the information supplied, prepare Income and Expenditure Account for the year ended 31st March, 2015 and Balance Sheet as at that date: [6]

RECEIPTS AND PAYMENTS ACCOUNT

for the year ended 31st March, 2015

Dr.			Cr.
Receipts	Rs.	Payments	Rs.
To Balance b/d	7,000	By Salaries	28,000
To Subscriptions:		By General Expenses	6,000
2013-14	5,000	By Electricity Charges	4,000
2014-15	20,000		
	0	By Books	10,000
2015-16	4,000	By Newspapers	8,000
To Rent	14,000	By Balance c/d	4,000
(Received from the Use of Hall)			
To Profit from Entertainment	8,000		
To Sale of Old Newspapers	2,000		
	60,000		60,000

- (a) The club has 50 members each paying an annual subscription of Rs. 500. Subscriptions Outstanding on 31st March, 2014 were Rs. 6,000.
(b) On 31st March, 2015, Salaries Outstanding amounted to Rs. 2,000. Salaries paid in 2014-15 included Rs. 6,000 for the year 2013-14.
(c) On 1st April, 2014, the Club owned Building valued at Rs. 2,00,000; Furniture Rs. 20,000 and Books Rs. 20,000.
(d) Provide depreciation on Furniture at 10%.

22. Devang, Darshan and Dashrath are partners in a firm sharing profits and losses as 5:4:3. Their Balance Sheet as at 31st March, 2016 was: [8]

Liabilities		Rs.	Assets		Rs.
Sundry Creditors		40,000	Cash at Bank		50,000
Outstanding Expenses		15,000	Sundry Debtors		2,10,000
General Reserve		85,000	Stock		3,00,000
Capital A/cs:			Furniture		60,000
Devang	4,00,000		Plant and Machinery		4,20,000
Darshan	3,00,000				
Dashrath	2,00,000	9,00,000			
		10,40,000			10,40,000

From 1st April, 2016, they agree to alter their profit-sharing ratio as 4:3:2. It is also decided that

- Furniture be taken at 70% of its value.
- Stock be appreciated by 25%.
- Plant and Machinery be valued at Rs. 4, 00,000.
- Outstanding Expenses be increased by Rs. 14, 000.

Partners agreed that altered values are not to be recorded in the books and they also do not want to distribute the General Reserve. You are required to pass a single Journal entry to give effect to the above. Also, prepare revised Balance Sheet.

OR

Binny, Vinnie and Pooh entered into partnership on 1st April, 2014. They contributed capital Rs. 40, 000, Rs. 30, 000 and Rs. 20, 000 respectively and agreed to share profits in the ratio of 3:2:1. Interest on capital was to allowed @ 15% p.a. and interest on drawings was to be charged at an average rate of 5%. During the years ended 31st March, 2016, the firm made profit of Rs. 21,600 and Rs. 25,140 respectively before allow or charging interest on capital and drawings. The drawings of each partner were Rs. 6,000 per year. On 31st March, 2016, the partners decided to dissolve the partnership due to difference of opinion. On that date, the creditors amounted to Rs. 20,000. The assets, other than cash Rs. 2,000, realized Rs. 1,21,000. Expenses of dissolution amounted to Rs. 760.

Draw up necessary Ledger Accounts to close the books of the firm.

23. Rishi Ltd. is having an authorised capital of Rs. 60,00,000 divided into equity shares of Rs. 100 each. The company offered 54,000 shares to the public. The amount payable was as follows: [8]

On Application - Rs. 30 per share

On Allotment - Rs. 40 per share (including premium)

On First and Final Call - Rs. 50 per share

Applications were received for 40,000 shares.

All sums were duly received except the following:

Laxmi, a holder of 100 shares did not pay allotment and call money.

Prodeep, a holder of 200 shares did not pay call money.

The company forfeited the shares of Laxmi and Prodeep. Subsequently, the forfeited shares were reissued for Rs.80 per share as fully paid-up. Show the entries for the above transactions in the Cash Book and Journal of the company.

(OR)

Pass necessary Journal entries in the following cases:

- i. Orange Ltd. converted 1,000; 9% Debentures of Rs. 100 each issued at a discount of 10% into equity shares of Rs. 100 each issued at a premium of 25%.
- ii. Kitkat Ltd. redeemed 4,000; 13% Debentures of Rs. 100 each which were issued at a discount of 10 per debenture by converting them into equity shares of Rs. 100 each, Rs. 90 paid up.

PART – B

24. What is the Cost of Materials Consumed if the closing inventory of material is Rs. 41, 000, opening inventory is 52,000 and materials purchased during the accounting year is Rs.25, 000? [1]
- a) Rs. 14, 000
 - b) Rs. 36,000
 - c) Rs. 11,000
 - d) None of the above
25. Cash Flow Statement is not a substitute for income statement. Why? [1]
26. Compute Total Assets Turnover Ratio from the information given below: [1]
Fixed Assets net of depreciation = Rs. 4, 00,000;
Current Assets = Rs. 3, 00,000;
Revenue from Operations = Rs. 14, 00,000.
27. Choose the correct answer from the options given below: [1]
The type of Analysis which used by the investor to identify whether the firm is fulfilling his expectations with regard to dividends, capital appreciation, etc. is known as _____.
- a) Security Analysis
 - b) Dividend Decision
 - c) Debt Analysis
 - d) Credit Analysis

28. While calculating Cash Flow from Operating Activities of Shahrukh Ltd. 'Depreciation provided on fixed assets' was added to net profit. Was the accountant correct in doing so? Give reason. [1]
29. Choose the correct answer from the options given below: [1]
The amount that is kept aside to meet future liability with an amount that is difficult to ascertain but may be estimated and only in case if liability will arise after 12 months or after the period of operating cycle is known as _____.
- Contingent Liability
 - Long-term Provision
 - Short-term Provision
 - Contingent Asset
30. (a) Under what heads and following items will appear in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013: [4]
- Tax Reserve
 - Interest on Calls-in-Advance
 - Stores and Spares?
 - Mining Rights
- (b) Which are the three financial characteristics which are analysed by Financial Analysis?

OR

Prepare a 'Comparative Statement of Profit and Loss' from the following information:

Particulars	31st March, 2016	31st March, 2015
Revenue from Operations	300% of Raw Materials Consumed	Tax 250% of Raw Materials Consumed
Expenses:		
Cost of Raw Materials Consumed	Rs. 6,00,000	Rs. 4,00,000
Other Expenses	6% of Revenue from Operations	6% of Revenue from Operations
Rate of Income Tax	50% of Net Profit before Tax	50% of Net Profit before Tax

31. Calculate 'Return on Investment' and 'Debt to Equity Ratio' from the following information: [4]
- | | |
|-----------------------------------|--------------|
| Net Profit after Interest and Tax | Rs.6,00,000 |
| 10% Debentures | Rs.8,00,000 |
| Tax Rate | 40% |
| Capital Employed | Rs.40,00,000 |

OR

Following are the transactions for which effect on quick ratio is to be determined along with the reason for the same:

- Paid rent Rs. 10, 000 in advance.
- Debentures of Rs. 45, 000 were converted into equity shares.

32. Balance Sheets of Krish Ltd. as at 31st March, 2016 and 31st March, 2015 were: [6]

Particulars	31st March, 2016 (₹)	31st March, 2015 (₹)
I. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	10,00,000	6,00,000
(b) Reserves and Surplus: Surplus, re., Balance in Statement of Profit and Loss	2,50,000	1,50,000
2. Current Liabilities		
Short-term Provisions: Proposed Dividend	50,000	40,000
Total	13,00,000	8,90,000
II. ASSETS		
1. Non-Current Assets		
Fixed Assets (Tangible): Plant and Machinery	8,00,000	5,00,000
2. Current Assets		
(a) Inventories (Stock)	1,25,000	75,000
(b) Cash and Cash Equivalents	5,00,000	3,40,000
Total	13,00,000	8,90,000

Additional Information:

- Rs. 50, 000 depreciation has been charged to Plant and Machinery during' the year 2016.
- A piece of machinery costing Rs. 12, 000 (book value Rs. 5, 000) was sold at 60% profit on book value.
Prepare Cash Flow Statement.