

CBSE
Class XII Accountancy
Sample Paper 4

Time: 3hrs

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.

PART – A

1. Pass journal entry to distribute 'Workmen Compensation Reserve' of ₹1,40,000 at the time of retirement of Noor, when there is a claim of ₹50,000 against it. The firm has three partners, Neeti, Noor and Nayan. **(1)**
2. Ranjan and Rajani are partners in a firm without a partnership deed. Ranjan's Capital is ₹20,000 and Rajani's capital is ₹28,000. Ranjan has advanced a loan of ₹10,000 and claims interest @ 12% p.a. on it. State with reasons whether his claim is valid or not. **(1)**

OR

When one of the existing partners is entitled to guaranteed profits and such guarantee is given by one or more of the remaining partners collectively, which account should be used for incorporating this arrangement?

3. Sunil and Suman were partners in a firm sharing profits in 3:2 ratio. From 1st March, 2016, they decided to change it to 3:1. For this purpose the goodwill of the firm was valued at ₹2,60,000. Give necessary journal entry for the treatment of goodwill. **(1)**

OR

Aman Club is a Not-for-Profit Organisation. It has now realized the importance of preparing books of accounts but does not have much of idea of the accounting treatments for the following items. You are required to explain the accounting treatment for the below mentioned items to help the management in preparing books of account for the club:

- i. Admission fee.
 - ii. Life Membership fee.
4. Varun, Vrijesh and Vrunda were partners sharing profits in the ratio of 5:3:2. Vrijesh retired on 1st January, 2016 with A and C agreeing to share the profits in future in the ratio of 6:4. Find the Gaining Ratio. **(1)**
 5. On 20.2.2016 the first call of ₹2 per share became due on 50,000 equity shares allotted by Indrani Ltd. Inder a holder of 1200 shares did not pay the first call money. Indu a holder of 850 shares paid the second and final call of ₹4 per share along with the first call.
Pass the necessary journal entry for the amount received by opening calls - in - arrears and calls - in - advance account in the books of the company. **(1)**

6. What is Capital Fund? **(1)**

OR

What is a Bond?

7. From the following, find out the amount of subscriptions to be included in the Income and Expenditure Account for the year ended 31st March, 2015. Subscriptions were received during the year 2014-15 as:

For the year 2013-14	₹200
For the year 2014-15	₹3,000
For the year 2015-16	₹300

Subscriptions outstanding as at 31st March, 2014 were ₹350 out of which ₹50 were considered to be irrecoverable. On the same date, subscriptions received in advance for 2014-15 were ₹200. Subscriptions still outstanding as at 31st March, 2015 amounted to ₹600. (3)

8. Aadi, Bali and Khali were partners sharing profits in the ratio of 6:4:5. Their capitals were Aadi- ₹8,00,000, Bali- ₹4,80,000 and khali- ₹4,60,000. On 1st April, 2016, Bali retired from the firm and the new profit-sharing ratio between Aadi and khali was decided as 11:4. On Bali's retirement, the goodwill of the firm was valued at ₹5,25,000. Show your working clearly and pass necessary Journal entry for the treatment of goodwill on Bali's retirement. (3)

9. Nirmal Business House has acquired the business of MTC Operators where the amount of consideration paid involves payment towards net assets and goodwill. Management of acquiring company is of the opinion that such goodwill cannot be recorded in the books of accounts as per AS-26 on Intangible Assets. Decide whether the contention of the management is correct. (3)

OR

Explain what are the liabilities of a Retiring Partner?

10. M, N and O are partners in the firm sharing profits and losses in the ratio of 5:3:2. From 01.04.2018 onwards they decide to share the profits and losses in the ratio of 5:2:3. Calculate each partner's gain or sacrifice ratio due to the change in the profit sharing ratio. (3)

11. Aparna, Prerna and Priya were partners in a firm sharing profits in the ratio of 2:2:1. On 31-12-2016 Priya died. On that date his Capital account showed a credit balance of ₹3,80,000 and Goodwill of the firm was valued at 2,40,000. There was a debit balance of ₹1,50,000 in the profit and loss account. Priya's share of profit in the year of his death was to be calculated on the basis of the average profit of last five years. The average profit of last five years was ₹1,25,000. The firm closes its books 31st March every year. Pass necessary journal entries in the books of the firm on Priya's death. (4)

12. Vijesh and Vishal were partners in a firm sharing profits in the ratio of 3:2. On 1.4.2015, Vrushali was admitted as a new partner for $\frac{1}{6}$ th the share in the profits with a guaranteed profit of ₹2,50,000. The new profit sharing ratio between Vishal and Vijesh will remain the same but they decided to bear any deficiency on account of guarantee to Vrushali in the ratio 2:3. The profit of the firm for the year ended 31.3.2016 was ₹12,00,000. Prepare Profit and Loss Appropriation Account of Vijesh, Vishal and Vrushali for the year ended 31.3.2016. (4)

13. Pankaj and Sangita were partners in a firm sharing profits in the ratio of 7:8. On 1.4.2016 their firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realisation account, you given the following information:

- Ruchir, a creditor of ₹14,00,000 accepted land valued at ₹9,00,000 and paid ₹5,00,000 to the firm.
- Giriraj, a second creditor for ₹2,35,000 accepted ₹2,00,000 in cash and investments of ₹33,000 in full settlement of his account.
- Hardik, a third creditor amounting to ₹3,75,000 accepted stock of the book value of ₹2,60,000 for ₹2,45,000 and the balance was paid to him by cheque.
- Loss on dissolution was ₹1,35,000.

Pass necessary journal entries for the above transactions in the books of the firm. (6)

14. Following is the Receipts & Payments Account of a Star Club for the year ending Dec. 31, 2015:

Receipts	₹	Payments	₹
To Balance b/d	1,90,000	By Salaries	4,40,000
To Subscriptions	6,70,000	By Sports Equipment	4,00,000
To interest on investments @8% p.a. for full year	40,000	By Balance c/d	1,60,000

Additional information:

- The club had received ₹30,000 for subscription in 2014 for 2015.
- Salaries had been paid only for 11 months
- Stock of sports equipment on 31st December 2014 was ₹3,50,000 and on 31st December 2015 ₹7,00,000. Prepare Income & Expenditure Account.

(6)

15. On 1-4-2014 LN Ltd had 12,000, 9% Debentures of 100 each outstanding.

- On 1-4-2014 the company purchased 2500 of its own debentures for ₹101 each in the open market and cancelled the same immediately.
 - On 1-4-2015 the company redeemed at par debentures of ₹5,50,000 by draw of a lot.
 - On 28-2-2016 the remaining debentures were purchased for immediate cancellation for ₹3,97,000.
- Pass necessary journal entries for the above transactions in the books of the company ignoring debentures redemption reserve and interest on debentures.

(6)

OR

Rajeev, Sarvil and Tarun were partners in a firm sharing profit in the ratio of 1:2:3. On 31-3-2015 their Balance sheet was as follows:

**Balance Sheet of Rajeev, Sarvil and Tarun
as on 31-3-2016**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	50,000	Land	50,000
Bills Payable	35,000	Building	50,000
Capitals		Plant	1,05,000
Rajeev	1,00,000	Stock	40,000
Sarvil	50,000	Debtors	35,000
Tarun	25,000	Bank	10,000
General Reserve	30,000		
	2,90,000		2,90,000

On the above date Danish was admitted as new partner and it was decided that:

- Goodwill of the firm will be valued at ₹2,70,000
 - Land will be revalued at ₹80,000 and building be depreciated by 6%.
 - Creditors of ₹6,000 were not likely to be claimed and hence should be written off
- Prepare Revaluations Account, Partner's Capital Accounts and Balance Sheet of the reconstitute firm.

16. Gagan Ltd has issued 50,000 equity shares of ₹10 each at a premium of ₹2 per share payable with application money. The incomplete journal entries related to the issue are given below. You are required to complete these blanks.

(8)

**Books of Gagan Ltd
Journal**

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2016				

Jan 12	----- To ----- (Being amount received on application for 75,000 shares @ ₹5 per share including premium)	Dr.	-----	-----
Jan 21	Equity Share Application A/c To ----- To ----- To ----- To ----- (Being Transfer of application money to share capital securities premium, money refunded for 10,000 shares for rejected application and balance adjusted towards amount due on allotment as shares were allotted on Pro-rata basis)	Dr.	-----	----- ----- ----- -----
Jan 27	----- To ----- (Being Amount due on allotment @ ₹4 per share)	Dr.	-----	-----
Feb 19	----- To ----- (Being Balance amount received on allotment)		-----	-----
April 03	----- To ----- (Being First and Final Call money due)	Dr.	-----	-----
April 18	----- Calls – in – arrears A/c To ----- (Being Money received on First and Final Call)	Dr. Dr.	----- 1,500	-----
April 23	----- To ----- To ----- (Being Forfeited the shares on which call money was not received)	Dr.	-----	----- -----
Oct 5	----- ----- To ----- (Being Re-issued the forfeited shares @ 8 per share fully paid up)	Dr. Dr.	----- -----	-----
-----	----- To ----- (-----)	Dr.	-----	-----

OR

Silent Ltd. invited applications for issuing 3,20,000 equity shares of ₹10 each at a premium of ₹5 per share. The amount was payable as follows:

On application ₹3 per share (including premium ₹1 per share)

On allotment ₹5 per share (including premium ₹2 per share)

On First and Final Call - Balance.

Applications for 4,00,000 shares were received. Applications for 40,000 shares were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. Jagdish holding 800 shares failed to pay the allotment money and his shares were immediately forfeited. Afterwards final call was made. Gajanan who had applied for 2,700 shares failed to pay the final call. His shares were also forfeited. Out of the forfeited shares 1,500 shares were re-issued at ₹8 per share fully paid up. The re-issued shares included all the forfeited shares of Jagdish.

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

17. Jazz, Harry and Kimmi were partners in a firm sharing profits in the ratio of 5:3:2. On 31-3-2016 their Balance Sheet was as follows:

**Balance Sheet of Jazz, Harry and Kimmi
as on 31-3-2016**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	80,000	Land & Building	1,55,000
Investment Fluctuation Fund	20,000	Motor Vans	47,000
P & L Account	80,000	Investments	38,000
Capitals		Machinery	24,000
Jazz 1,00,000		Stock	30,000
Harry 80,000		Debtors 80,000	
Kimmi 40,000	2,20,000	Less : Provision 6,000	74,000
		Cash	32,000
	3,62,000		4,00,000

On the above data Harry retires and Jazz and Kimmi agreed to continue the business on the following terms:

- Goodwill of the firm was valued at ₹1,02,000.
- There was a claim of ₹9,000 for workmen's compensation.
- Provision for bad debts was to be reduced by ₹3,000.
- Harry will be paid ₹14,000 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly installments together with interest @ 10% p.a.
- The new profit sharing ratio between Jazz and Kimmi will be 3:2 and their capitals will be in their new profit sharing ratio. The capital adjustments will be done by opening current accounts.

Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the new firm.

(8)

OR

Arbaaz, Birbal and Chintan were partners in a firm sharing profit in the ratio of 3:2:1. On 31-3-2016 their Balance sheet was as follows:

Balance Sheet of Arbaaz, Birbal and Chintan as on 31-3-2016

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	87,000	Bank	17,000
General Reserve	21,000	Debtors	23,000

Capitals			Stock	1,10,000
Arbaaz	60,000		Investments	30,000
Birbal	40,000		Furniture & Fittings	10,000
Chintan	20,000	1,20,000	Machinery	38,000
		2,28,000		2,28,000

On the above date Dhaval was admitted as new partner and it was decided that

- The new profit sharing ratio between Arbaaz, Birbal, Chintan and Dhaval will be 2:1:1:1.
- Goodwill of the firm was valued at ₹90,000 and Dhaval brought his share of goodwill premium in cash.
- The Market value of investments was ₹23,000
- Machinery will be reduced to ₹31,000
- A Creditor of ₹5,000 was not likely to claim the amount and hence to be written off.
- Dhaval will bring proportionate capital so as to give him $\frac{1}{6}$ th share in the profits of the firm.

Prepare Revaluations Account, Partner's Capital Accounts and Balance Sheet of the reconstitute firm.

PART - B

18. "Declaration of final dividend" will result into cash inflow, cash outflow or no cash flow. Explain with reason. (1)
19. Oswal Ltd., is carrying on a Mutual Fund business. It invested ₹50,00,000 in shares and ₹25,00,000 in debentures of various companies during the year. It received ₹5,00,000 as dividend and interest. Find out Cash Flow from Investing Activities. (1)
20. (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:
 (i) Encashment of Employees Earned Leave payable on retirement
 (ii) Vehicles?
 (iii) Subsidy Reserve;
 (iv) Mining Rights;
 (b) Write down any one objective of Financial Statement Analysis. (4)

21. From the details given below, calculate the following ratios.

(a) Inventory (Stock) Turnover Ratio

(b) Operating Ratio

	₹		₹
Revenue from Operations (Net Sales)	2,20,000	Debtors	16,000
Cost of Revenue from Operations, i.e.,		Operating Expenses	19,000
Cost of Goods Sold	1,80,000	Net Fixed Assets	1,35,000
Opening Inventory	28,000		
Closing Inventory	32,000		

OR

Calculate the current ratio from the below mentioned details:

Working Capital = 11,00,000

Sundry Creditors = 1,00,000

Other Current Liabilities = 3,00,000

(4)

22. From the following information provided, prepare Comparative Statement of Loss for the period 2016 and 2015: (4)

Particulars	2016	2015
Revenue from Operations	₹8,00,000	₹5,00,000
Cost of Materials Consumed	30% of Revenue from Operations	50% of Revenue from Operations
Other Expenses	5%	15%
% (Revenue from Operations - Cost of Materials Consumed)		
Income Tax	50%	50%

OR

Give the points of differences between Horizontal Analysis and Vertical Analysis.

23. Following are the Balance Sheets of Krishna Ltd. as on 31st March, 2016 and 2015:

BALANCE SHEETS OF KRISHNA LTD. as of 31 st March, 2016 and 2015			
Particulars	Note No.	31 st March, 2016	31 st March, 2015

I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share Capital		16,00,000	12,00,000
b. Reserves and Surplus		5,00,000	4,00,000
2. Non-Current Liabilities			
a. Long-term Borrowings		7,80,000	4,20,000
3. Current Liabilities			
Trade Payables		1,00,000	60,000
Short-term Provisions		2,80,000	2,00,000
Total		32,60,000	22,80,000
II. ASSETS			
1. Non-Current Assets			
a. Fixed Assets:			
i. Tangible Assets		16,00,000	9,00,000
ii. Intangible Assets		2,40,000	3,00,000
2. Current Assets			
a. Inventories		4,00,000	3,50,000
b. Trade Receivables		8,50,000	6,50,000
c. Cash and Cash Equivalents		1,70,000	80,000
Total		32,60,000	22,80,000

Notes to Accounts

Particulars	31 st March, 2016	31 st March, 2015
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	5,00,000	4,00,000
2. Short-term Provisions		
Provision for Tax	80,000	60,000
3. Tangible Assets		
Machinery	17,60,000	10,00,000
Less: Accumulated Depreciation	(1,60,000)	(1,00,000)
	16,00,000	9,00,000
4. Intangible Assets		
Goodwill	2,40,000	3,00,000

Prepare Cash Flow Statement after taking into account the following adjustment: Tax paid during the year amounted to ₹1,10,000.

(6)