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HS/XII/Com/Ac/22

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ACCOUNTANCY

(Commerce)

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 (any *seven*) : $1 \times 7 = 7$

(a) Receipts and Payments A/c is

(i) Real A/c

(ii) Personal A/c

(iii) Nominal A/c

(iv) either Real A/c or Nominal A/c

(2)

(b) In the absence of partnership deed, partners are not entitled to receive

- (i) salaries
- (ii) interest on capital
- (iii) commission
- (iv) All of the above

(c) If the new partner brings the amount of goodwill in cash, goodwill is transferred to Partners' Capital Accounts in

- (i) new ratio
- (ii) old ratio
- (iii) sacrificing ratio
- (iv) gaining ratio

(d) Subscription received in advance during the current year is

- (i) an income
- (ii) a liability
- (iii) an asset
- (iv) None of the above

(3)

(e) Profits of a firm during the last 5 years were as follows :

₹ 20,000, ₹ 23,000, ₹ 26,000, ₹ 30,000 and
₹ 35,000

Goodwill of the firm at 4 years' purchase of average profit will be

(i) ₹ 1,34,000

(ii) ₹ 1,07,200

(iii) ₹ 1,72,000

(iv) ₹ 1,45,000

(f) The amount due on shares which has been called-up by the company but has not been paid by the shareholders is

(i) calls-in-arrear

(ii) reserve capital

(iii) nominal capital

(iv) subscribed capital

(g) Premium received on issue of shares is shown at

(i) liabilities side

(ii) assets side

(iii) debit side of P & L A/c

(iv) credit side of P & L A/c

(4)

(h) When forfeited shares are reissued, then the Forfeited Shares Account is finally closed by transfer of its balance to

(i) Securities Premium Account

(ii) General Reserve Account

(iii) Both (i) and (ii)

(iv) Capital Reserve Account

(i) Debenture holders are entitled to receive

(i) dividend

(ii) interest

(iii) profit

(iv) All of the above

(j) Interest on calls in arrear is at the rate of

(i) 10%

(ii) 5%

(iii) 6%

(iv) 9%

(5)

2. Answer the following questions (any seven) : 1×7=7

- (a) What is debenture?
- (b) What is capital reserve?
- (c) Give any one source of finance for redemption of debentures.
- (d) Give one point of difference between Receipts and Payments A/c and Cash A/c.
- (e) What is meant by pro-rata allotment of shares?
- (f) What is gaining ratio?
- (g) State any one feature of partnership.
- (h) Why is Profit and Loss Appropriation Account prepared?
- (i) Define goodwill.
- (j) What is super profit?

3. Calculate the amount of salaries to be debited to Income and Expenditure Account, ending 31st March, 2019 : 3

	₹
Salaries outstanding on 1st April, 2018	8,000
Salaries outstanding on 31st March, 2019	12,000
Prepaid salaries on 31st March, 2019	6,000

(6)

	₹
Prepaid salaries on 1st April, 2018	5,000
Salaries paid during the year 2018–2019	25,000

Or

From the following information, find out the amount to be debited to Income and Expenditure Account on account of 'stationery' on 31-12-2019 :

	₹
Stock of stationery on 01-01-2019	1,500
Stock of stationery on 31-12-2019	600
Paid for stationery during the year 2019	7,000
Creditors for stationery on 31-12-2019	2,400
Creditors for stationery on 01-01-2019	1,800

4. The Directors of a company forfeited 400 shares of ₹ 10 each issued at a premium of ₹ 3 per share, for non-payment of first call money of ₹ 3 per share. The final call of ₹ 2 per share has not been made. Half of the shares were reissued at ₹ 7 per share, ₹ 8 paid-up.

Record the Journal Entries for forfeiture and reissue of shares.

3

5. *K* and *P* were partners in a firm sharing profits in 4 : 3 ratio. Their capitals on 01-04-2020 were—*K* ₹ 80,000 and *P* ₹ 60,000. The partnership deed provided as follows :

(i) Interest on capital and drawings will be allowed and charged @ 12% p.a. and 10% p.a. respectively

(7)

(ii) *K* and *P* will be entitled to get monthly salary of ₹ 2,000 and ₹ 3,000 respectively

The profits for the year ended 31-03-2021 were ₹ 1,00,300. The drawings of *K* and *P* were ₹ 40,000 and ₹ 50,000 respectively. Interest on *K*'s drawings was ₹ 2,000 and *P*'s drawings was ₹ 2,500.

Prepare Profit and Loss Appropriation Account.

4

6. *A*, *B* and *C* are partners sharing profits and losses in the proportion of 3 : 2 : 1. Firm closes its accounts on 31st December every year. *B* died on 28th February, 2021. There was a balance of ₹ 6,000 in *B*'s Capital Account in the beginning of the year. According to the partnership agreement, *B*'s legal representative is entitled to be paid out as follows :

- (i) The capital to his credit at the time of his death and interest up to the time of his death at 12% p.a.
- (ii) His appropriate share of General Reserve is ₹ 3,000
- (iii) His share of profits on the basis of last year's profit which was ₹ 10,800
- (iv) His share of goodwill which has been valued at ₹ 30,000

Prepare *B*'s Capital Account.

4

7. Singh Ltd. purchased Plant and Machinery from Jain Ltd. for ₹ 9,40,000. ₹ 5,00,000 were paid through the bank and the balance by issuing 9% debentures of ₹ 100 each at a premium of 10%.

Pass the necessary Journal Entries for the above transactions in the books of Singh Ltd.

4

(8)

Or

XYZ Ltd. issued 3000, 12% debentures of ₹ 100 each. Pass Journal Entries in the books of the company for the issue of debentures when debentures were—

- (i) issued at discount of 5% and redeemable at 5% premium;
- (ii) issued at 4% premium and redeemable at 6% premium.

8. Following is the Receipts and Payments Account of Green Club for the year ended 31st December, 2019 :

*Receipts & Payments Account of Green Club
for the year ended 31st December, 2019*

<i>Receipts</i>		₹	<i>Payments</i>		₹
To	Cash in Hand	15,000	By	Printing & Stationeries	1,800
”	Subscription received (including ₹ 2,000 for 2020)	25,000	”	Travelling Expenses	9,000
”	Donations	40,000	”	Repairs	500
”	Sales of Furniture (Book value ₹ 5,000)	3,500	”	Furniture Purchased	25,000
”	Life Membership Fees	5,000	”	Investment	10,000
”	Interest on Investment	1,000	”	Salaries	20,000
		<u>89,500</u>	”	Cash in Hand	8,200
					<u>89,500</u>

Additional Information :

- (i) 40% of the donations are to be capitalized
- (ii) Subscriptions due on 31-12-2019 was ₹ 1,500
- (iii) Interest on investments was due for ₹ 1,500

Prepare Income and Expenditure Account.

6

(9)

Or

Following is the Receipts and Payments Account of Lion Club for the year ended 31st March, 2018 :

*Receipts & Payments Account of Lion Club
for the year ended 31st March, 2018*

<i>Receipts</i>	<i>₹</i>	<i>Payments</i>	<i>₹</i>
To Balance b/d	10,000	By Investments @ 8% p.a.	
" Subscriptions :		securities on	
2017-2018	18,000	" 1st October, 2017	10,000
2018-2019	500	" Furniture	5,400
" Entrance Fee	350	" Salaries	4,500
" Income from		" Stationery	1,200
Entertainment	3,400	" Electricity Charges	2,400
" Sale of Old		" Balance c/d	8,900
Newspapers	150		
	<u>32,400</u>		<u>32,400</u>

Additional Information :

- (i) The Club has 400 members each paying an annual subscription of ₹ 50
- (ii) Stock of stationery on 31st March, 2017, ₹ 780 and on 31st March, 2018, ₹ 860
- (iii) On 1st April, 2017, premises were ₹ 16,000. Depreciation on premises and furniture to be charged @ 5% and 10% p.a. respectively

Prepare Income and Expenditure Account for the year ended 31-03-2018.

9. A, B and C are partners who share profits and losses in the ratio of 5:3:2. They decided to dissolve the partnership firm on 31st March, 2018. The Balance Sheet on this date is as follows :

Balance Sheet as on 31st March, 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	2,750	Furniture	50
A's Loan Account	300	Stock	1,750
Capital Accounts :		Debtors	2,400
A 1,000		Bills Receivable	300
B 500		Cash	100
C <u>50</u>	1,550		
	<u>4,600</u>		<u>4,600</u>

₹ 200 of the debtors proved bad; the bills receivable were realized in full; the stock realized ₹ 1,700; Furniture was taken over by B at book value and the expenses of realization amounted to ₹ 200.

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

6

Or

A, B and C were the partners in a firm sharing profits and losses in their capital ratios. Balance Sheet as on 31st March, 2018 was as follows :

Balance Sheet as on 31st March, 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Capitals :		Plant and	
A 30,000		Machinery	43,600
B 20,000		Furniture	3,700
C <u>10,000</u>	60,000	Investments	47,600
Creditors	57,400	Stock	16,000
		Cash at Bank	6,500
	<u>1,17,400</u>		<u>1,17,400</u>

(11)

The firm was dissolved on the above date.

A took over investments and stock at ₹ 40,600. Plant and machinery were realized for ₹ 84,040 and furniture at book value. Creditors were paid in full settlement.

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

- 10.** Mohan and Sohan are sharing profits in the ratio of 5 : 3. They admit Rohan with $\frac{1}{5}$ th share. Their Balance Sheet as on 31st March, 2018 was as follows :

Balance Sheet as on 31st March, 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Capitals :		Cash	6,000
Mohan 40,000		Debtors	50,000
Sohan <u>50,000</u>	90,000	Stock	40,000
Creditors	40,000	Furniture	10,000
Bills Payable	10,000	Plant	38,000
General Reserve	16,000	Goodwill	12,000
	<u>1,56,000</u>		<u>1,56,000</u>

Rohan was admitted on the following terms :

- (i) Furniture and plant to be depreciated by 10%
- (ii) Stock to be revalued at ₹ 48,500
- (iii) Rent for one month ₹ 1,200 is outstanding and insurance is prepaid ₹ 500
- (iv) Rohan to contribute ₹ 60,000 as capital and ₹ 16,000 as his share of goodwill

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

8

(12)

Or

A, B and C are partners in a firm and share profits and losses in 3 : 2 : 1 ratio. Balance Sheet of the firm as on 31st March, 2018 was as follows :

<i>Liabilities</i>		<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
		(₹)		(₹)
Bills payable		18,000	Cash	30,000
Creditors		48,000	Stock	40,000
Bank overdraft		20,000	Debtors	70,000
General Reserve		24,000	Furniture	20,000
Capitals :			Machinery	90,000
A	1,20,000		Building	1,20,000
B	90,000			
C	50,000	2,60,000		
		<u>3,70,000</u>		<u>3,70,000</u>

B retired from the firm and partners decided as follows :

- (i) Value of stock to be increased by ₹ 4,000
- (ii) Provision for doubtful debts to be made at 6%
- (iii) Furniture and machinery to be depreciated by 10%
- (iv) Building to be appreciated by 20%
- (v) Goodwill to be valued at ₹ 1,20,000 and B's share to be adjusted through the Capital Accounts of A and C

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

11. AB Ltd. invited applications for 100000 shares of ₹ 100 each issued at par. The amount was payable as follows :

On application — ₹ 20

On allotment — ₹ 30

On first and final call — balance

Applications for 140000 shares were received. Applications for 30000 shares were rejected and pro-rata allotment was made to the remaining applicants. All calls were made and were duly received except the first and final call on 1500 shares held by Kumar. His shares were forfeited. Out of the forfeited shares, 1000 shares were reissued at ₹ 120 per share, fully paid-up.

Pass necessary Journal Entries in the books of AB Ltd. 8

Or

A company issued for public subscription, 40000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as under :

On application—₹ 2 per share

On allotment—₹ 5 per share (including premium)

On first call—₹ 2 per share

On second call—₹ 3 per share

Applications were received for 60000 shares. The excess applications were rejected. Ram, to whom 1600 shares were allotted failed to pay both the calls. These shares were subsequently forfeited after the second call was made. All the forfeited shares were reissued as fully paid at ₹ 8 per share.

Pass Journal Entries in the books of the company.

(14)

PART—B

(Analysis of Financial Statements)

(Marks : 20)

12. Choose and write the correct answer (any *three*) : 1×3=3

(a) Liquid ratio is also known as

(i) acid-test ratio

(ii) quick assets ratio

(iii) current ratio

(iv) working capital ratio

(b) _____ ratio refers to the relationship between long-term debt and equity of the company.

(i) Proprietary

(ii) Debt-equity

(iii) Total assets to debt

(iv) Stock turnover

(15)

(c) Cash receipts from the sale of goods and services in which a business deals will be shown in cash flow statement under

(i) operating activities

(ii) investing activities

(iii) financing activities

(iv) None of the above

(d) Cash flow statement is required for the financial planning of

(i) long-range

(ii) medium-range

(iii) short-range

(iv) very long-range

13. What do you mean by accounting ratios? 1

14. Give the formula of debtor turnover ratio. 1

15. List any one objective of preparing the cash flow statement. 1

Or

List any one operating activity which will result in out-flow of cash.

(16)

- 16.** From the following statement of profit and loss of Zeal Ltd. for the years ended 31st March, 2018 and 2019, prepare a comparative statement of profit and loss : 4

<i>Particulars</i>	<i>2019</i>	<i>2018</i>
	₹	₹
Revenue from operations	11,00,000	10,00,000
Other incomes	50,000	80,000
Cost of goods sold	5,00,000	6,00,000
Expenses	1,00,000	1,50,000

Rate of income tax was 40%.

- 17.** Calculate stock turnover ratio from the following information : 4

	₹
Opening Stock	25,000
Closing Stock	15,000
Total Sales	4,00,000

Gross Profit 25% on cost.

Or

A firm has current ratio of 2 and liquid ratio of 1.5 : 1 and stock in hand is ₹ 1,50,000. Find out current assets and current liabilities.

18. Following are the Balance Sheets of Wisben Ltd. as on 31st March, 2018 and 2017 :

<i>Particulars</i>	<i>31.03.2018</i>	<i>31.03.2017</i>
	₹	₹
I. <i>Equity and Liabilities</i> :		
1. Shareholders' Funds :		
(a) Share Capital	7,00,000	6,00,000
(b) Reserves and Surplus (profit and loss balance)	2,00,000	1,10,000
2. Non-current Liabilities :		
Long-term Borrowings	3,00,000	2,00,000
3. Current Liabilities :		
Trade Payables	30,000	25,000
Total	<u>12,30,000</u>	<u>9,35,000</u>
II. <i>Assets</i> :		
1. Non-current Assets :		
Fixed Assets :		
Tangible Assets	11,00,000	8,00,000
2. Current Assets :		
(a) Inventories	70,000	60,000
(b) Trade Receivables	32,000	40,000
(c) Cash and Cash Equivalents	28,000	35,000
Total	<u>12,30,000</u>	<u>9,35,000</u>

Adjustments :

- (i) During the year, a piece of machinery of the book value of ₹ 80,000 was sold for ₹ 65,000
- (ii) Depreciation provided on tangible assets during the year amounting to ₹ 2,00,000

Prepare a Cash Flow Statement.

6

Or

From the following Balance Sheets of Zeal Ltd., prepare Cash Flow Statement :

<i>Particulars</i>	<i>31.03.2019</i> ₹	<i>31.03.2018</i> ₹
I. <i>Equity and Liabilities :</i>		
1. Shareholders' Funds :		
(a) Share Capital	12,00,000	10,00,000
(b) Reserves and Surplus : (balance of profit and loss)	5,20,000	4,40,000
2. Non-current Liabilities :		
Long-term Borrowings	5,80,000	4,90,000
3. Current Liabilities :		
Trade Payables	1,50,000	90,000
Total	<u>24,50,000</u>	<u>20,20,000</u>
II. <i>Assets :</i>		
1. Non-current Assets :		
(a) Fixed Assets : Tangible Assets	13,50,000	11,00,000
(b) Non-current Investments	3,00,000	3,00,000

(19)

<i>Particulars</i>	<i>31.03.2019</i> ₹	<i>31.03.2018</i> ₹
2. Current Assets :		
(a) Current Investment (Marketable)	2,50,000	3,00,000
(b) Trade Receivables	3,00,000	1,50,000
(c) Cash and Cash Equivalents	2,50,000	1,70,000
Total	<u>24,50,000</u>	<u>20,20,000</u>

Additional Information :

- (i) Income tax paid—₹ 60,000
- (ii) A piece of land having book value of ₹ 80,000 was sold at a profit of ₹ 30,000

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