

PAPER

Class-XII

Accountancy-II

Time : 3 Hrs.

Max. Marks : 80

Instructions for the Students :

1. The question paper will cover whole of the syllabus.
2. There are 3 sections in the question paper i.e. Section A, Section B and Section C. Section A is compulsory for all the students and students may choose only one section from Section B and Section C. Section A, Section B and Section C will be set from the Part-I and Part-II and Part-III of the syllabus respectively.
3. 19 Questions will be set in the question paper.
4. All units of the syllabus should be given adequate representation in the question paper.
5. There is no word, line or page limit for numerical questions.
6. The use of non-programmable simple calculator is allowed.

Section-A

7. Question No. 1 consists of 18 sub parts 1(i) to 1(xviii) carrying 1 mark each. Objective type questions may include questions with true or false / multiple choice type questions.

8. Question No. 2 to 9 (Out of which 3 will be the theoretical and 5 will be numerical) will carry 2 marks each. Answer of theoretical question should be given in 1-5 lines. Question No. 10 consists of 4 sub parts (i, ii, iii, iv) out of which 2 will be numerical and 2 will be theoretical (Attempt any 3 questions out of Four) Each question will carry 4 marks. Answer of theoretical question should be given in 10-15 lines.

Section B and C

9. In Question No. 11 consists of 12 sub parts 11(i) to 11(xii) carrying 1 mark each. Objective type questions may include questions with true or false / multiple choice type questions.

10. Question No. 12 to 18 (Out of which 3 will be the theoretical and 4 will be numerical) will carry 2 marks each. Answer of theoretical question should be given in 2-5 lines.

Question No. 19 consists of 3 sub parts (i, ii, iii) out of which 2 will be numerical and 1 theoretical (Attempt any two questions out of three). Each question will be 4 marks. Answer of theoretical questions should be given in 10-15 lines.

Section-A

1. (i) Income and expenditure account shows a balance of—
 - (a) Capital Account
 - (b) Excess of revenue over expenditure or vice versa
 - (c) Cash in hand
 - (d) Net Profit
- (ii) The difference of the Receipts and Payment Account reveals—
 - (a) Cash Balance
 - (b) Net Profit
 - (c) Surplus or Deficit
 - (d) None of these
- (iii) Revenue items are shown in the Income & Expenditure Account. (True/False)

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- (iv) The interest on partners capital accounts is to be credited to
(a) interest account (b) partners capital account
(c) profit and loss account (d) none of above
- (v) A, B and C in the ratio of 3 : 2 : 1. Before B's salary of ₹ 7,000 firm's profit is ₹ 67,000. How much in total B will receive from the firm ?
(a) 7,000 (b) 27,000
(c) 2,233 (d) 10,000
- (vi) Goodwill is not a fictitious asset. (True/False)
- (vii) Depreciation of assets is recorded on which side of the revaluation account ?
(a) Debit side (b) Credit side
(c) (a) and (b) (d) None of these
- (viii) An increase in the value of liabilities is recorded on which side of the Revaluation Account.
(a) Debit side (b) Credit side
(c) (a) and (b) (d) None of these
- (ix) Revaluation account is also known as 'Profit and Loss Adjustment Account. (True/False)
- (x) If the incoming partner brings the amount of goodwill in cash and also a balance exists in goodwill account is written off among the old partners in :
(a) The gaining Ratio (b) The Sacrificing Ratio
(c) The old Profit Sharing Ratio (d) The new Profit Sharing Ratio
- (xi) Revaluation Account or Profit and Loss Adjustment A/c is a
(a) Asset Account (b) Nominal Account
(c) Personal Account (d) Real Account
- (xii) Profit or loss on revaluation is distributed among all the partners. (True/False)
- (xiii) At the time of retirement of a partner, profit on revaluation of assets will be credited to the capital account of
(a) The remaining partners in their new profit sharing ratio
(b) Retiring Partner
(c) All partners in the old profit sharing ratio
(d) The remaining partners in their old profit sharing ratio
- (xiv) In case of retirement of a partner, goodwill is credited to the account of
(a) Only retiring partner (b) Only remaining
(c) All partners (d) None of these partners
- (xv) New and gaining ratios between continuing partners are always the same. (True/False)
- (xvi) On dissolution all assets are transferred to realisation account at
(a) cost or market value whichever is less (b) book value
(c) market value (d) None of the above
- (xvii) Provision for bad and doubtful debts appearing in the books at the time of dissolution of firm is transferred to
(a) bad debts account (b) capital accounts of the partners
(c) debtors account (d) realisation account

(xviii) Items appearing in the balance sheet are posted at one place only. (True/False)

(1 x 18 = 18)

2. What is Receipts and Payments Account ? 2
3. X purchased Y's business from 1st January, 2023. The profits disclosed by Y's business for the last three years were as follows :

2020—₹ 50,000 (Including an abnormal gain of ₹ 8,000)

2021—₹ 60,000 (After charging an abnormal loss of ₹ 12,000)

2022—₹ 55,000 (Excluding ₹ 7,000 as Insurance Premium of firm's property now insured.)

Calculate the value of firm's goodwill on the basis of 2 years purchase of the average normal profits for the last three years. 2

4. What do you mean by reconstitution of Partnership Firm ? 2
5. X, Y, Z are sharing profit and losses in the ratio of 5 : 3 : 2, they decide to share future profits and losses in the 2 : 3 : 5 ratio. They also decide to record the effect of the following without affecting their book figures by passing the single entry.

Book Figures (₹)

General Reserves 6,000

Profit & Loss A/c (Credit) 24,000

Advertisement Suspense A/c 10,000

Deferred revenue expenditures 2,000

Pass the necessary journal entry. 2

6. A and B are two partners sharing profits and losses in the ratio 3 : 2. They agree to admit C for $\frac{1}{3}$ rd share in profits. C brings ₹ 2,00,000 as capital. Goodwill of the firm is valued at ₹ 1,50,000. But C is unable to bring his share of goodwill in cash. Pass journal entries in the books of firm. 2

7. What do you understand by Retirement of a Partner ? 2
8. Give the journal entry to distribute 'General Reserve' of ₹ 4,000 at the time of retirement of Z when 25% of General Reserve is to be transferred to Provision for Doubtful Debts. The firm has three partners, X Y, Z. 2

9. Maninder, Jatinder and Rupinder are partners in a firm sharing profits in the ratio of 4 : 3 : 3 respectively. On 1-4-2022 they decided to dissolve the firm. On that date the sundry assets were ₹ 1,74,230. The creditors amounted to ₹ 23,150 and cash in hand was ₹ 3,920. The assets realized ₹ 1,44,910 and the expenses of dissolution was ₹ 1,860. Prepare Realisation Account. 2

Attempt any three questions out of four.

10. (i) Following is the Receipt and Payment Account of Sports Club for the year ended 31-3-2022:

Receipts	₹	Payments	₹
Balance b/d	20,000	Salary	15,000
Subscriptions	52,000	Billiard Table	20,000
Entrance Fee	15,000	Office Expenses	16,000

Tournament Fund	26,000	Tournament Expenses	31,000
Sale of old newspapers	1,000	Sports Equipment	40,000
Legacy (For Construction of Building)	37,000	Balance c/d	29,000
	1,51,000		1,51,000

Other Information :

On 31-3-2022 subscription outstanding was ₹ 2,000 and on 31-3-2021 subscription outstanding was ₹ 3,000. Salary outstanding on 31-3-2022 was ₹ 1,500.

On 1-4-2021 the club had building ₹ 75,000, furniture ₹ 18,000, 12% investment ₹ 30,000 and sports equipment ₹ 30,000. Depreciation charged on these items including Billiard Table was 10%.

Prepare Income and Expenditure Account of the Club for the year ended 31-3-2022. 4

- (ii) Write any four Rights of Partners. 4
- (iii) A firm has two partners B and C sharing profits in the ratio of 3 : 2. They admit A into the firm on 1st January, 2022 when the balance sheet of the firm is as follows :

BALANCE SHEET

Liabilities	₹	Assets	₹
B's Capital	30,000	Machinery	18,000
C's Capital	10,000	Furniture	18,000
Profit and Loss A/c	7,500	Investments	9,000
Creditors	7,000	Stock	6,000
Bills payable	2,500	Debtors	4,000
		Cash	2,000
	57,000		57,000

Terms of A's admission are as under :

1. A is to bring ₹ 20,000 as his capital for $\frac{1}{3}$ rd share of profit and ₹ 3,500 as his share of goodwill.
 2. Value of machinery and stock are to be reduced by ₹ 7,000 and ₹ 1,000 respectively and the value of furniture to be increased by ₹ 3,000.
 3. Capitals of the all partners should be proportionate to their profit sharing ratio, taking A's capital as the base. Excess capital is to be withdrawn in cash by the partner concerned and the deficiency is to be made up by bringing cash.
- You are required to prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of the firm after the above adjustments. 4
- (iv) Give any four differences between Revaluation Account and Realisation Account. 4

Section-B

11. (i) Shareholders receive from the company :
- | | |
|----------------|--------------|
| (a) Dividend | (b) Profit |
| (c) Commission | (d) Interest |

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- (ii) Preference shareholders have
 - (a) Preferential right on the dividend as well as repayment of capital at the time of the liquidation of the company.
 - (b) preferential right as to dividend only
 - (c) preferential right in the management
 - (d) both (a) and (b)
 - (iii) Liability of its members is generally limited. (True/False)
 - (iv) Debentureholders are
 - (a) customers of the company
 - (b) creditors
 - (c) owners
 - (d) both (a) and (b)
 - (v) Zero coupon bonds are issued :
 - (a) Without specified Rate of Interest
 - (b) With specified Rate of Interest
 - (c) At Zero Interest rate
 - (d) None of these
 - (vi) Debentures can be redeemed out of capital and in instalments. (True/False)
 - (vii) Balance Sheet of a company is required to be prepared in the format given in
 - (a) Table A
 - (b) Schedule III Part III
 - (c) Schedule III Part I
 - (d) Schedule III Part II
 - (viii) Financial analysis become significant because it :
 - (a) Is effected by personal bias
 - (b) Lack qualitative analysis
 - (c) Measures the efficiency of business
 - (d) Ignores price level changes
 - (ix) Turnover ratio are generally expressed in times. (True/False)
 - (x) While calculating operating net profit will be added to net profit
 - (a) creation of general reserve
 - (b) refund of tax
 - (c) dividend received
 - (d) Gain on sale of assets
 - (xi) Cash flow statement is required for the financial planning of
 - (a) medium range
 - (b) short range
 - (c) long range
 - (d) very long range
 - (xii) Rent paid is an investing activity. (True/False)

(1 x 12 = 12)

- 12. What is a company ? 2
- 13. Tulip Ltd. issued 60,000 shares of ₹ 10 each credited as fully paid to the promoters for their services. It also issued 20,000 shares of ₹ 10 each credited as fully paid to the underwriters for their commission. Give journal entries. 2
- 14. Z Ltd. purchased building for ₹ 6,60,000. Half of the payment was made in cash and the remaining half by the issue of 12% debentures at a premium of 10%. Pass necessary journal entries. 2
- 15. What is meant by Redemption of Debentures ? 2
- 16. Prepare a Common-size Balance Sheet on the financial position of Mr. X Ltd. and Y Ltd.

Liabilities	X Ltd.	Y Ltd.
Share Capital	3,00,000	4,00,000
Reserves & Surplus	2,00,000	3,00,000
Current Liabilities	1,00,000	50,000
Total	6,00,000	7,50,000
Assets		
Fixed Assets	5,00,000	5,00,000
Current Assets	3,00,000	4,00,000
	8,00,000	9,00,000

2

17. A business has a current ratio of 3 : 1 and a quick ratio of 1.2 : 1. If the working capital is ₹ 2,00,000, calculate the total Current Assets and Inventory. 2

18. What do you mean by Cash Equivalent ? 2

Attempt any two questions out of three.

- 19.(i) X Ltd. issued for public subscription 40,000 Equity 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 Final Call	₹ 3 per share

Applications were received for 60,000 shares. Allotment was made pro-rata to the applicants for 48,000 shares, the remaining applications being rejected. Money overpaid on applications was utilized toward sum due on allotment.

'A' to whom 1,600 shares were allotted failed to pay the allotment and calls money. 'B' to whom 2,000 shares were allotted failed to pay the two calls. These shares were subsequently forfeited after the second call. 3,000 of the forfeited shares were re-issued @ ₹ 8 per share as fully paid up. The reissued shares included all shares of 'B'. Give the necessary journal entries in the books of X Ltd. to record the above transactions. 4

- (ii) Write any four difference between shareholders and debentureholders. 4

- (iii) Following are the Balance Sheets of A Ltd. for two years. Prepare a Cash Flow Statement:

Particulars	31.3.2023	31.3.2022
I. Equity and Liabilities :	₹	₹
(1) Shareholder's Funds		
(a) Share Capital	3,00,000	2,00,000
(b) Reserves and Surplus	80,000	40,000
(2) Non-Current Liabilities		
15% Loan	—	75,000
(3) Current Liabilities		
(a) Bank Overdraft	35,000	37,000
(b) Trade Payables	1,50,000	96,000
(c) Short term Provisions (Provision for Tax)	15,000	12,000
TOTAL	5,80,000	4,60,000
II. Assets :		
(1) Non-Current Assets		
Plant & Machinery	4,00,000	3,50,000

Less : Accumulated Dep.	60,000	–50,000
	3,40,000	3,00,000
(2) Current Assets		
(a) Current investments (Short-term Investments)	30,000	20,000
(b) Inventories	1,00,000	60,000
(c) Trade Receivables	97,000	75,000
(d) Cash and Cash Equivalents	13,000	5,000
TOTAL	5,80,000	4,60,000

Additional Information :

(1) Contingent Liability :	31.3.2023	31.3.2022
	₹	₹
Proposed Dividend	30,000	20,000
(2) Loan was repaid on 1 st April, 2022.		4