

Solved Paper	C.B.S.E. 2009 Class-XII	ACCOUNTANCY
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Time Allowed : 3 hours

Maximum Marks : 80

General Instructions :

- (i) This questions paper contains three parts A, B and C.
- (ii) Part A is compulsory for all candidates.
- (iii) Candidates can attempt only one part of the remaining parts B and C.
- (iv) All parts of the questions should be attempted at one place.

DELHI Set-I

Code No. 67/1/1

PART A

(Not for Profit Organisations, Partnership Firms and Company Accounts)

1. When the Receipts & Payments Account is converted into an Income & Expenditure Account, and accounting concept is to be followed of the provisions of the Accruals & Outstanding. Name the concept that is followed. **1**
2. Can a partner be exempted from the losses in firm ? If yes, under what circumstances ? **1**
3. Why should a firm have a partnership deed ? **1**
4. How is interest on drawings calculated, if the drawings are made at regular intervals, as on the first day of each month ? **1**
5. Why would an investor prefer to invest in the Debentures of a Company rather than in its Shares ? **1**
6. From the following information calculate the amount of subscriptions to be credited to the Income & Expenditure Account for the year 2007-08.

Rs.

Subscription received during the year	80,000
Subscription outstanding on 31 st March, 2007	26,000
Subscriptions outstanding on 31 st March, 2008	6,000
Subscriptions received in Advance on 31-3-2007	10,000

Subscriptions of Rs. 12,000 are still in arrears for the year 2006-07.

Subscriptions received in Advance on 31-3-2008 **3**

7. The Directors of a Company forfeited 200 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the First Call Money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 1,000 fully paid. Record the Journal Entries for the forfeiture & reissue of shares. **3**
8. Meena Ltd., issued 60,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on Application, Rs. 5 (Incl. Premium) on allotment and the balance on 1st and final call. Applications were received for 1,02,000 shares. The directors resolved to allot as follows :

(A) Applicants of 60,000 shares	30,000 shares
(B) Applicants of 40,000 shares	30,000 shares
(C) Applicants of 2,000 shares	Nil

Nikhil who had applied for 1,000 shares in category A, and Vishu who was allotted 600 shares in category B failed to pay the allotment money. Calculate the amount received on Allotment. **3**

9. A, B & C were partners in a firm having capitals of Rs. 60,000; Rs. 60,000 and Rs. 80,000 respectively. Their Current Account balances were A : Rs. 10,000; B : Rs. 5,000 and C : Rs. 2,000 (Dr). According to the partnership deed the partners were entitled to interest on capital @ 5% p.a. C being the working partner was also entitled to a salary of Rs. 6,000 p.a. The profits were to be divided as follows :
- The first Rs. 20,000 in proportion to their capitals.
 - Next Rs. 30,000 in the ratio of 5 : 3 : 2.
 - Remaining profits to be shared equally.
- The firm made a profit of Rs. 1,56,000 before charging any of the above items. Prepare the Profit & Loss Appropriation account and pass necessary journal entries for apportionment of profit. 4
10. (a) A & B are partners in the ratios of 5 : 4. They admit C for $\frac{1}{10}$ th share, which he acquires, in equal proportions from both. Find the new profit sharing ratio.
 (b) A, B & C were partners in firm sharing profits in the ratio of 8 : 4 : 3. B retires and his share is taken up equally by A & C. Find the new profit sharing ratio. 2 + 2 = 4
11. Mona Ltd. has issued 20,000, 9% Debentures of Rs. 100 each of which half the amount is due for redemption on March 31st 2008. The company has in its Debenture Redemption Reserve Account a balance of Rs. 4,40,000. Record the necessary Journal entries at the time of Redemption of Debentures. 4
12. The following is the Receipts & Payments Account of Queen's Club for the year ended March 31st 2008. 6

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,82,000	By Salaries	1,66,000
To Subscriptions	1,80,000	By Stationery	32,000
To Tournament Fund	1,64,000	By Rent	48,000
To Interest (investments)	65,000	By Telephone expenses	8,000
To Donations	1,12,000	By Sports Material & Exp.	78,000
To Sale-concert tickets	2,47,000	By Investments 6%	5,00,000
		By Misc. Expenses	24,000
		By Concert Expenses	58,000
		By Balance c/d	36,000
	9,50,000		9,50,000

The following additional information is provided :

- Subscription include Rs. 12,000 for 2006-07 and Rs. 18,000 for 2008-09.
 - Stock of stationery on 31st March, 2007 and 2008 was Rs. 7,200 & Rs. 5,400 respectively.
 - Stock of Sports material at the beginning and end of the year was 12,000 and Rs. 21,000 respectively.
 - Rent includes. Rs. 4,000 paid for March, 2007. Rent for March, 2008 is outstanding.
 - Telephone expenses included Rs. 3,000 as quarterly rent up to May 31st 2008.
 - The value of Building as on 31st March 2007, was Rs. 8,00,000 and you are required to write off depreciation at 10%.
 - The value of investments on 31st March, 2007 was Rs. 10,00,000 and the club made similar additional investments during the year on 1st October, 2007.
- You are required to prepare the Income & Expenditure Account of the club for the year ended March 31st 2008. 6
13. X, Y & Z were partners sharing profit in the ratio 3 : 2 : 1. On 31st March, 2008, their Balance Sheet stood as under :

Liabilities		Rs.	Assets		Rs.
Capitals :	Rs.		Cash at bank		70,000
X :	75,000		Investments		50,000
Y :	70,000		Patents		15,000
Z :	<u>50,000</u>	1,95,000	Stock		25,000
Creditors		72,000	Debtors		20,000
General Reserve		24,000	Buildings		75,000
			Machinery		36,000
		<u>2,91,000</u>			<u>2,91,000</u>

Z died on May 31st 2008. It was agreed that :

- Goodwill as valued at 3 year's purchases of the average profits of the last five years, which were, 2003: Rs. 40,000; 2004: Rs. 40,000; 2005: Rs. 30,000; 2006: Rs. 40,000 and 2007: Rs. 50,000.
- Machinery was valued at Rs. 70,000, Patents at Rs. 20,000 and Building at Rs. 66,000.
- For the purpose of calculating Z's share of profits till the death, it was agreed that the same be calculated based on the average profits for the last 2 years.
- The executors of the deceased partner is to be paid the entire amount due by mean of a cheque.

Prepare Z's Capital Account to be rendered to the executor and also journal entries for the settlement of the amount due to Z's executors. **6**

- Mohit Ltd., took over assets of Rs. 8,40,000 and liabilities of Rs. 80,000 of Ram Ltd. at agreed value of Rs. 7,20,000. Mohit Ltd. paid to Ram Ltd. by issue of 9% debentures of Rs. 100 each at a premium of 20%.
Pass necessary journal entries to record the above transaction in the books of Mohit Ltd.
 - Give journal entries in each of the following cases if the value of a Debenture is Rs. 100.
 - A debenture issued at Rs.110 repayable at Rs. 100
 - A debenture issued at Rs. 100 repayable at Rs. 105
 - A debenture issued at Rs. 105 repayable at Rs. 105. **3 + 3 = 6**

- A Co. issued to the public for subscription 40,000 shares of Rs. 10 each at a discount of 10% payable as Rs. 2 each on application, Allotment and First call and Rs. 3 on the Final call. Applications were received for 60,000 shares and allotment was made pro-rata to 80% of applicants. Rs to whom 1,600 shares were allotted paid on only the application money, and S who had applied for 2,400 shares paid the entire call money due along with the allotment. Pass necessary Journal entries to record the above transactions.

OR

Petromax Ltd., issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on application Rs. 5 including premium on allotment and the balance in equal instalments over two calls. Applications were received for 92,000 shares and the allotment was done as under :

A : Applicants of 40,000 shares - Allotted 30,000 shares

B : Applicants of 40,000 shares - Allotted 20,000 shares

C : Applicants of 12,000 shares - Nil

Suresh who had applied for 2,000 shares (Category A) did not pay any money other than application money.

Chandar who allotted 800 shares (Category B) paid the call money due along with allotment.

All other allottees paid their dues as per schedule.

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

16. Jain & Gupta were partners sharing profits in the ratio of 3 : 2. Their balance sheet on March 31st 2008 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	20,000	Cash	14,800
Bills payable	3,000	Debtors	20,500
Bank overdraft	17,000	Less: Prov. for,	
Reserve	15,000	Bad debts	<u>300</u>
Jain's Capital	70,000	Stock	20,000
Gupta's Capital	60,000	Plant	40,000
		Buildings	70,000
		Motor Vehicles	20,000
	1,85,000		1,85,000

They agreed to admit Mishra for 1/4th share from 1-4-2008 subject to the following terms :

- Mishra to bring in capital equal to 1/4th of the total capital of Jain & Gupta after all adjustments including premium for goodwill.
- Building to be appreciated by Rs.14,000 and stock to be depreciated by Rs. 6,000.
- Provision for Bad debts on Debtors to be raised to Rs. 1,000.
- A provision be made for Rs. 1,800 for outstanding legal charges.
- Mishra's Share of goodwill/premium was calculated at Rs. 10,000.

Prepare Revaluation Account, Partner's Capital Accounts and the Balance Sheet of the new firm on Mishra's admission. 8

OR

A, B & C were in partnership sharing profits in proportion to their capitals. Their Balance Sheet on 31-3-2008 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	15,600	Cash	16,000
Reserve	6,000	Debtors	20,000
A's Capital	90,000	Less: Prov. for,	
B's Capital	60,000	doubtful debts	<u>400</u>
C's Capital	30,000	Stock	18,000
		Machinery	48,000
		Buildings	1,00,000
	2,01,600		2,01,600

On the above date B retired owing to ill health and the following adjustments were agreed upon :

- Building be appreciated by 10%
- Provision for doubtful debts be increased to 5% of debtors.
- Machinery be depreciated by 15%.
- Goodwill of the firm be valued at Rs. 36,000 and the adjusted into the Capital Accounts of A & C who will share profits in future in the ratio of 3 : 1.
- A provision be made for outstanding repairs bill of Rs. 3,000.
- Included in the value of creditors is Rs. 1,800 for an outstanding legal claim, which is not likely to arise.
- Out of the insurance premium paid Rs. 2,000 is for the next year. The amount was debited to P & L A/c.
- The partners decide to fix the capital of the new firm as Rs. 1,20,000 in the profit sharing ratio.
- B to be paid Rs. 9,000 in cash and the balance to be transferred to his Loan Account.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm after B's retirement.

PART B
(Analysis of Financial Statements)

17. State why non-cash transactions are ignored while preparing a Cash Flow Statement ? **1**
 18. When is Dividend received considered as operating activity ? **1**
 19. What will be the operating profit ratio, if operating ratio is 83.64% ? **1**
 20. What are the importance of Financial Statement Analysis ? **3**
 21. Prepare a comparative Income Statement from the following :

	31 st March 2007	31 st March 2008
	Rs.	Rs.
Sales	10,00,000	12,50,000
Cost of Goods sold	5,00,000	6,50,000
Operating expenses	50,000	60,000

Interest on investments @ Rs. 30,000 and taxes payable @ 50%. **4**

22. (a) Net Profit after Interest but before tax Rs. 1,40,000; 15% long term debts Rs. 4,00,000, Shareholders funds Rs. 2,40,000; Tax rate 50%. Calculate Return on capital employed.
 (b) Opening Stock : Rs. 60,000; Closing Stock; Rs. 1,00,000; Stock turnover Ratio 8 times; Selling price 25% above cost. Calculate the Gross Profit ratio. **2 + 2 = 4**

23. X Ltd., made a profit of Rs. 1,00,000 after considering the following items :

(a) Depreciation on Fixed Assets	Rs. 20,000.
(b) Writing off preliminary expenses	Rs. 10,000.
(c) Loss on sale of furniture	Rs. 1,000.
(d) Provision for taxation	Rs. 1,60,000.
(e) Transfer to General Reserve	Rs. 14,000.
(f) Profit on sale of machinery	Rs. 6,000.

The following additional information is available to you :

Items	31-3-2007	31-3-2008
	Rs.	Rs.
Debtors	24,000	30,000
Creditors	20,000	30,000
Bills Receivable	20,000	17,000
Bills Payable	16,000	12,000
Prepaid expenses	400	600

Calculate Cash flow from operating activities. **6**

PART C
(Computerized Accounting)

17. What is Coding ? **1**
 18. What is super group ? **1**
 19. List any four basic system of computerized accounting system. **2**
 20. What is import & export of data ? **3**
 21. What is meant by Internal checks ? **3**
 22. What are the essentials of a good reporting system ? **4**
 23. A factory owner purchases a new machine that costs Rs. 3,00,000 and has a useful life for 10 years, with salvage value of Rs. 30,000. Indicate the formula to be used in and Excel worksheet to calculate Depreciation under the Diminishing Balance Method. Also using the formula, calculate the depreciation to be provided for a day, a month and a year. **6**

DELHI Set-II

Code No. 67/1/2

Note : Except these questions all other questions are from Set I.

PART A

(Not for Profit Organisations, Partnership Firms and Company Accounts)

1. Star Sport Club sells an old Tennis Table (Book Value Rs. 7,000) for Rs. 8,500. Show how the sale would be reflected in the Receipts & Payments Account. **1**
2. Why is it that Capital Account of a partner does not show a "Debit Balance" in spite of regular and consistent losses year after year ? **1**
3. Why is a Sacrifice Ratio calculated ? **1**
4. How is interest on drawings calculated, if the drawings are made at regular intervals, as on the last day of each month ? **1**
5. Why would an investor prefer to invest partly in Shares and partly in the Debentures of a Company ? **1**
6. From the following information calculate the amount of subscription to be credited to the Income & Expenditure Account for the year 2007-08 :

	Rs.
Subscriptions received during the year	50,000
Subscriptions outstanding on 31 st March	20,000
Subscriptions outstanding on 31 st March	6,000
Subscriptions received in Advance on 31-3-2007	8,000
Subscriptions received in Advance on 31-3-2008.	9,000
Subscriptions of Rs. 9,000 are still in arrears for the year 2006-07.	

- 3**
7. The Directors of a Company forfeited 300 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the First Call Money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 1,500 fully paid. Record the journal entries for the forfeited & reissue of shares. **3**
 8. Jaya Ltd. issued 60,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on Application, Rs. 5 (Including premium) on allotment and the balance on 1st and final call. Applications were received for 82,000 shares. The Directors resolved to allot as follows :

(A) Applicants of 30,000 shares	20,000 shares
(B) Applicants of 50,000 shares	40,000 shares
(C) Applicants of 2,000 shares	Nil

 Ramesh who had applied for 900 shares in category (A), and Suresh who was allotted 600 shares in category (B) failed to pay the allotment money. Calculate the amount received on Allotment. **3**
 9. A, B & C were partners in a firm having capitals of Rs. 60,000; Rs. 60,000; and Rs. 80,000 respectively. Their Current Account balances were A : Rs. 10,000; B : Rs. 5,000 and C : Rs. 2,000 (Dr). According to the partnership deed the partners were entitled to an interest on capital @ 10% p.a. C, being the working partner was also entitled to a salary of Rs. 12,000 p.a. The profits were to be divided as follows :
 - (a) The First Rs. 20,000 in proportion to their capitals.
 - (b) Next Rs. 30,000 in the ratio of 5 : 3 : 2.
 - (c) Remaining profits to be shared equally.
 The firm made a profit of Rs. 1,72,000 before charging any of the above items. Prepare Profit and Loss Appropriation Account and pass the necessary Journal Entries for the apportionment of profit. **4**
 10. (a) A & B are partners in the ratios of 5 : 4 They admit C for 1/10th share, which he acquires, in equal proportions from both. Find the new profit sharing ratio.

- (b) A, B & C were partners in a firm sharing profits in the ratio of 8 : 4 : 3. B retires and his share is taken up equally by A & C. Find the new profit sharing ratio. $2 + 2 = 4$

PART-B**(Analysis of Financial Statements)**

17. State why Cash Flow Statement is not a substitute for Income Statement. **1**
18. When is interest received considered as financing activity? **1**
19. What will be the operating profit ratio, if operating ratio is 88.94%? **1**
20. What is Horizontal Analysis of Financial Statement? **3**
21. (a) Net Profit after Interest but before tax Rs. 1,40,000; 15% long term debts Rs. 4,00,000 Shareholder funds Rs. 2,40,000; Tax rate 50%. Calculate Return on capital employed.
(b) Opening Stock; Rs. 60,000; Closing Stock; Rs. 1,00,000 Stock turnover Ratio 8 times; Selling price 25% above cost; Calculate the Gross Profit ratio.

 $2 + 2 = 4$ **DELHI Set-III****Code No. 67/1/3****Note :** Except these questions all other questions are from Set I & II.**PART A****(Not for Profit Organisations, Partnership Firms and Company Accounts)**

1. State when Donations are capitalized, any yet not shown under head "Donations" in the Balance Sheet of a not for profit organization. **1**
2. Why is a ginning ratio calculated? **1**
3. Why is "Goodwill" considered an "Intangible Asset" but not a "Fictitious Asset"? **1**
4. How is interest on drawings calculated, if the drawing are made at regular intervals, as on the fifteenth day of each month? **1**
6. From the following information calculate the amount of subscription to be credited to the Income & Expenditure Account for the year 2007-08.

Rs.

Subscriptions received during the year	60,000
Subscriptions outstanding on 31 st March, 2007	16,000
Subscriptions outstanding on 31 st March, 2008	9,000
Subscriptions received in Advance on 31-3-2007	12,000
Subscriptions received in Advance on 31-3-2008.	7,000
Subscriptions of Rs. 6,000 are till in arrears for the year 2006-2007.,	

3

7. The Directors of a Company forfeited 400 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the First Call Money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 2,000 fully paid. Record the Journal Entries for the forfeiture & reissue of shares. **3**
8. Sugandh Ltd. issued 60,000 share of Rs. 10 each at a premium of Rs. 2 per share payable at Rs. 3 on Application, Rs. 5 (Incl. Premium) on allotment and the balance on 1st and final call. Applications were received for 92,000 shares. The Directors resolved to allot as follows :
- (A) Applicants of 40,000 shares 30,000 shares
- (B) Applicants of 50,000 shares 30,000 shares
- (C) Applicants of 2,000 shares Nil
- Mohan who had applied for 800 shares in category A, and Sohan who was allotted 600 shares in category B failed to pay the allotment money. Calculate the amount received on Allotment. **3**
9. A, B & C were partners in a firm having capitals of Rs. 60,000; Rs. 60,000 and Rs. 80,000 respectively. Their Current Account balance were A : Rs. 10,000; B : Rs. 5,000 and C : Rs. 2,000 (Dr). According to the partnership deed the partners were entitled to interest on

capital @ 10% p.a. C, being the working partner was also entitled to a salary of Rs. 6,000 per quarter. The profits were to be divided as follows :

- (a) The first Rs. 20,000 in proportion to their capitals.
- (b) Next Rs. 30,000 in the ratio of 5 : 3 : 2.
- (c) Remaining profits to be shared equally.

the firm made a profit of Rs. 1,84,000 before charging any of the above items. Prepare Profit & Loss Appropriation Account and pass necessary journal entries for the apportionment of profit. 4

PART-B

(Analysis of Financial Statements)

19. What will be the operating profit ratio, if operating ratio is 89.08%. 1

Outside Delhi Set-I

Code No. 67/1/1

PART A

(Not for Profit Organisations, Partnership Firms and Company Accounts)

1. When the Receipts and Payments Account is converted into an Income and Expenditure Account, and accounting concept is to be followed for the provision of the Accruals and Outstanding. Name the concept that is followed. 1
2. Can a partner be exempted from sharing the losses in a firm ? If yes, under what circumstances ? 1
3. State two elements of the partnership deed. 1
4. How is a new partner admitted to a firm ?
5. Why would an investor prefer to invest in the Debentures of a Company rather than in its Shares ? 1
6. From the following information calculated the amount of subscriptions to be credited to the Income and Expenditure Account for the year 2007-08 : 3

Rs.

Subscriptions received during the year	70,000
Subscriptions outstanding on 31 st March 2007	16,000
Subscriptions outstanding on 31 st March 2008	5,000
Subscriptions received in advance on 31 st March 2007	12,000
Subscriptions received in advance on 31 st March 2008	11,000

Subscriptions of Rs. 8,000 are still in arrears for the year 2006-07.

7. The Directors of a Company forfeited 500 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payments of the first call money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 2,500 fully paid. Record the journal entries for the forfeiture and reissue of shares. 3
8. Meena Ltd. issued 30,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on application, Rs. 5 (Including premium) on allotment and the balance on first and final call. Applications were received for 42,000 shares. The directors resolved to allot as follows :

A. Application of 20,000 shares	10,000 shares
B. Application of 20,000 shares	20,000 shares
C. Application of 2,000 shares	Nil

Balu who had applied for 1,000 shares in category A and Ganesh who was allotted 600 shares in category B failed to pay the allotment money. Calculate the amount received on allotment.
9. A, B and C were partners in a firm having capitals of Rs. 80,000; Rs. 80,000; and Rs. 40,000 respectively. Their current account balances were A : Rs. 10,000; B : Rs. 5,000 and C : Rs. 2,000 (Dr). According to the partnership deed the partners were entitled to interest on

capital @ 5% p.a. C being the working partner was also entitled to a salary of Rs. 6,000 p.a. The profits were to be divided as follows :

- The first Rs. 20,000 in proportion to their capitals
- Next Rs. 30,000 in the ratio of 5 : 3 : 2
- Remaining profits to be shared equally

The firm made a profit of Rs. 1,56,000 before charging any of the above items. Prepare the Profit and Loss Appropriation Account and pass the necessary journal entries for the appropriation of profits. **4**

- A and B are partners in the ratio of 7 : 3. They admit C for 1/5 share, which he acquires, in equal proportions from both. Find the new profit sharing ratio.
 - A, B and C were partners in a firm sharing profits in the ratio of 5 : 4 : 3. B retires and his share is taken up equally by A and C. Find the new profit sharing ratio. **2 + 2 = 4**
- Anupama Ltd. had issued 10,000, 9% Debentures of Rs. 100 each which is due for redemption on 31st March 2008. The company has in its Debenture Redemption Reserve Account a balance of Rs. 4,00,000. Record the necessary journal entries at the time of Redemption of Debentures. **4**
- The following is the Receipts and Payments Account of Queen's Club for the year ended 31st March 2008.

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d	1,82,000	By Salaries	1,66,000
To Subscriptions	1,80,000	By Stationery	32,000
To Tournament Fund	1,64,000	By Rent	48,000
To Interest (investments)	65,000	By Telephone expenses	8,000
To Donations	1,12,000	By Sports material & expenses	78,000
To Sale-concert tickets	2,47,000	By 6% Investments	5,00,000
		By Miscellaneous expenses	24,000
		By Concert expenses	58,000
		By Balance c/d	36,000
	9,50,000		9,50,000

The following additional Information is provided :

- Subscriptions included Rs. 22,000 for 2006-07 and Rs. 8,000 for 2008-09.
- Stock of Stationery on 31st March 2007 and 2008 was Rs. 4,200 and Rs. 6,400 respectively.
- Stock of Sports material at the beginning and end of the year was Rs. 18,000 and Rs. 31,000 respectively.
- Rent includes Rs. 4,000 paid for March 2007, Rent for March 2008 is outstanding.
- Telephone expenses include Rs. 3,000 as quarterly rent up to 31st May 2008.
- The value of Building as on 31st March 2007, was Rs. 8,00,000 and you are required to write off depreciation at 5%
- The value of investments on 31st March 2007 was Rs. 10,00,000, and the Club made similarly additional investments during the year on 1st October 2007.

You are required to prepare Income and Expenditure Account of the Club for the year ended 31st March 2008. **6**

- X, Y and Z were partner sharing profits in the ratio 3 : 2 : 1. On 31st March 2008, their Balance Sheet stood as under.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals :		Cash at bank	70,000
X : 75,000		Investments	50,000
Y : 70,000		Patents	15,000
Z : 50,000	1,95,000	Stock	25,000
Creditors	72,000	Debtors	20,000
General Reserve	24,000	Buildings	75,000
		Machinery	36,000
	2,91,000		2,91,000

X died on 31st May 2008. It was agreed that :

- (a) Goodwill was valued at 3 years' purchases of the average profits of the last five years, which were, 2003 : Rs. 40,000; 2004 : Rs. 40,000; 2005 : Rs. 30,000; 2006 : Rs. 40,000 and 2007 : Rs. 50,000.
- (b) Machinery was valued at Rs. 70,000, Patents at Rs. 20,000 and Buildings at Rs. 66,000.
- (c) For the purpose of calculating X's share of profits till the date of death, it was agreed that the same be calculated based on the average profits for the last 2 years.
- (d) The executor of the deceased partner is to be paid the entire amount due by means of a cheque.

Prepare X's Capital Account to be rendered to his executors and also a journal entry for the settlement of the amount due to the executor. **6**

14. (a) Maneesh Ltd. took over assets of Rs. 9,40,000 and liabilities of Rs. 1,40,000 of Ram Ltd. at an agreed value of Rs. 7,80,000. Maneesh Ltd. paid to Ram Ltd. by issue of 9% debentures of Rs. 100 each at a premium of 20%. Pass necessary journal entries to record the above transactions in the books of Mohit Ltd.
- (b) Give journal entries in each of the following cases if the face value of a debenture is Rs. 100 :
- (i) A debenture issued at Rs. 105 repayable at Rs. 100
 - (ii) A debenture issued at Rs. 100 repayable at Rs.105
 - (iii) A debenture issued at Rs. 110 repayable at Rs. 105.

Alpha Co. issued to the public for subscription 40,000 shares of Rs. 10 each at a discount of 10% payable as Rs. 2 each on application, allotment and first call and Rs. 3 on the final call. Applications were received for 60,000 shares and allotment was made pro-rata to 80% of applicants. R to whom 2,000 shares were allotted paid only the application money, and S who had applied for 3,000 shares, paid the entire call money due along with the allotment. Pass necessary journal entries to record the above transactions. **8**

OR

Petromax Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs.2 per share payable as Rs. 3 on application, Rs. 5 including premium on allotment and the balance in equal instalments over two calls. Applications were received for 92,000 shares and the allotment was done as under :

- A. Applicants of 40,000 shares — Allotted 30,000 shares
- B. Applicants. of 40,000 shares — Allotted 20,000 shares
- C. Applicants of 12,000 shares — Nil

Suresh who had applied for 2,000 shares (category A) did not pay any money other than application money.

Chandar who was allotted 800 shares (category B) paid the call money due along with allotment.

All other allottees paid their dues as per schedule.

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

16. Jain and Gupta were partners sharing profits in the ratio of 3 : 2. Their Balance Sheet on 31st March 2008 was as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	20,000	Cash	14,800
Bills payable	3,000	Debtor	20,500
Bank overdraft	17,000	Less : Provision for	
Reserve	15,000	doubtful debts	300
Jain's Capital	70,000	Stock	20,000
Gupta's Capital	60,000	Plant	40,000
		Buildings	70,000
		Motor Vehicles	20,000
	1,85,000		1,85,000

They agree to admit Mishra for $\frac{1}{4}$ th share from 1.4.08 subject to the following terms :

- Mishra to bring capital equal to $\frac{1}{4}$ th of the total capital of Jain and Gupta after all adjustments including premium for goodwill.
- Buildings to be appreciated by Rs. 14,000 and stock to be depreciated by Rs. 6,000.
- Provision for doubtful debts (on debtors) to be raised to Rs. 1,000.
- A provision be made for Rs. 1,800 for outstanding legal charges.
- Mishra's share of goodwill/premium was calculated at Rs. 10,000.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the new firm on Mishra's admission. 8

OR

A, B and C were in partnership sharing profits in proportion to their capitals. Their Balance Sheet on 31.3.2008 was as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	15,600	Building	1,00,000
Reserve	6,000	Machinery	48,000
A's Capital	90,000	Stock	18,000
B's Capital	60,000	Debtors	20,000
C's Capital	30,000	Less : Provision, for doubtful debts <u>400</u>	19,600
		Cash	16,000
	2,01,600		2,01,600

On the above date B retired owing to ill health and the following adjustments were agreed upon :

- Buildings be appreciated by 10%
- Provision for doubtful debts be increased to 5% of debtors.
- Machinery be depreciated by 15%.
- Goodwill of the firm be valued at Rs. 36,000 and be adjusted into the Capital Accounts of A and C who will share profits in future in the ratio of 3 : 1.
- A provision be made for outstanding repairs bill of Rs. 3,000.
- Included in the value of creditors is Rs. 1,800 for an outstanding legal claim, which is not likely to arise.
- Out of the insurance premium paid Rs. 2,000 is for the next year. The amount was debited to P & L A/c.
- The partners decide to fix the capital of the new firm as Rs. 1,20,000 in the profit sharing ratio.
- B to be paid Rs. 9,000 in cash and the balance to be transferred to his Loan Account.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm after B's retirements.

PART B

(Analysis of Financial Statements)

- State why Cash Flow Statement is not a substitute for Income Statement.
- When is interest received considered as financing activity ?
- Why is Analysis of Financial Statements important to creditors ?
- Prepare a Comparative Income Statement from the following :

Particulars	31 st March 2007 (Rs.)	31 st March 2008 (Rs.)
Sale	10,00,000	12,50,000
Cost of Goods Sold	6,00,000	7,50,000
Operating expenses	40,000	50,000

Interest on investments @ Rs. 50,000 and taxes payable @ 50%.

22. (a) Net Profit after Interest but before tax : Rs. 1,40,000; 15% long-term debts : Rs. 4,00,000; Shareholders funds : Rs. 2,40,000; Tax rate 50%. Calculate Return on Capital Employed.
 (b) Opening Stock : Rs. 60,000; Closing Stock : Rs. 1,00,000; Stock Turnover Ratio 8 times; Selling price 25% above cost. Calculate the Gross Profit Ratio.
23. X Ltd. made a profit of Rs. 1,00,000 after considering the following items :

	Rs.
(a) Depreciation on Fixed Assets	20,000
(b) Writing off Preliminary expenses	10,000
(c) Loss on sale of Furniture	1,000
(d) Provision for Taxation	1,60,000
(e) Transfer to General Reserve	14,000
(f) Profit on sale of Machinery	6,000

The following additional information is available to you :

Items	31.3.2007 Rs.	31.3.2008 Rs.
Debtors	24,000	30,000
Creditors	20,000	30,000
Bills Receivable	20,000	17,000
Bill Payable	16,000	12,000
Prepaid Expenses	400	600

Calculated cash flow operating activities. 6

PART C
(Computerized Accounting)

17. What is Coding ? 1
18. What is super group ? 1
19. List any four basic systems of Computerized Accounting System. 2
20. What is import and export of data ? 3
21. What is meant by Internal checks ? 3
22. What are the essentials of a good reporting system ? 4
23. A factory owner purchases a new machine that costs Rs. 6,00,000 and has a useful life for 10 years, with salvage value of Rs. 60,000. Indicate the formula to be used in an Excel Worksheet to calculate depreciation under the Diminishing Balance Method. Also, using the formula, calculate the depreciation to be provided for a day, a month and a year. 6

Outside Delhi Set-II

Code No. 67/1/2

Note : Except these questions all other questions are from Set I.

PART A

(Not-for-Profit Organisation, Partnership Firms and Company Accounts)

Note : Except these questions all other questions are from Set I.

1. A Sports Club sells an old Billiards Table, whose (Book Value is Rs. 17,000) for Rs. 15,500. Show how the sale would be reflected in the Receipts and Payments Account. 1
2. Why is it that the Capital Account of a partner does not show a 'Debit Balance' in spite of regular and consistent losses year-after-year ? 1
3. What is the nature of Revaluation Account ? 1
4. Do all forms of business organizations prepare a Profit and Loss Appropriation Account ? 1

5. Why would an investor prefer to invest partly in the Shares and partly in the Debentures of a Company ? **1**
6. From the following informations calculate the amount of subscriptions to be credited to the Income and Expenditure Account for the year 2007-08 : **3**
- Rs.
- | | |
|---|--------|
| Subscriptions received during the year | 50,000 |
| Subscriptions outstanding on 31st March, 2007 | 18,000 |
| Subscriptions outstanding on 31st March, 2008 | 9,000 |
| Subscriptions received in advance on 31st March, 2007 | 10,000 |
| Subscriptions received in advance on 31st March, 2008 | 12,000 |
- Subscriptions of Rs. 7,000 are still in arrears for the year 2006-07.
7. The Directors of a Company forfeited 600 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the first call money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 3,000 fully paid. Record the journal entries for the forfeiture and reissue of shares. **3**
8. Meena Ltd. issued 30,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on application, Rs. 5 (including premium) on allotment and the balance on first and final call. Applications were received for 62,000 shares. The directors resolved to allot as follows :
- | | | |
|--------------------------------|---------------|--|
| A. Applicants of 20,000 shares | 10,000 shares | |
| B. Applicants of 40,000 shares | 20,000 shares | |
| C. Applicants of 2,000 shares | Nil | |
- Balu who had applied for 1,500 shares in category A and Ganesh who was allotted 600 shares in category B failed to pay the allotment money. Calculate the amount received on allotment. **3**

Outside Delhi Set-III**Code No. 67/1/3****Note :** Except these questions all other questions are from Set I & II.**PART A****(Not-for-Profit Organisation, Partnership Firms and Company Accounts)****Note :** Except these questions all other questions are from Set I and Set II.

1. State when 'Donations' are capitalized, and yet not shown under the head 'Donations' in the Balance Sheet of a not-for-profit organization. **1**
2. What are the circumstances under which the balance of the 'Fixed Capital Accounts' may change ? **1**
3. Why is 'Goodwill' considered an 'Intangible Asset' but not a 'Fictitious Asset' ? **1**
6. From the following informations calculate the amount of subscriptions to be credited to the Income and Expenditure Account for the year 2007-08 : **3**
- Rs.
- | | |
|---|--------|
| Subscriptions received during the year | 90,000 |
| Subscriptions outstanding on 31st March, 2007 | 20,000 |
| Subscriptions outstanding on 31st March, 2008 | 8,000 |
| Subscriptions received in advance on 31st March, 2007 | 16,000 |
| Subscriptions received in advance on 31st March, 2008 | 17,000 |
- Subscriptions of Rs. 9,000 are still in arrears for the year 2006-07.
7. The Directors of a Company forfeited 400 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the first call money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 2,000 fully paid. Record the journal entries for the forfeiture and reissue of shares. **3**

8. Meena Ltd. issued 30,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on application, Rs. 5 (including premium) on allotment and the balance on first and final call. Applications were received for 52,000 shares. The directors resolved to allot as follows :
- | | |
|--------------------------------|---------------|
| A. Applicants of 20,000 shares | 10,000 shares |
| B. Applicants of 30,000 shares | 20,000 shares |
| C. Applicants of 2,000 shares | Nil |
- Balu who had applied for 4,000 shares in category A and Ganesh who was allotted 2,000 shares in category B failed to pay the allotment money. Calculate the amount received on allotment. 3
10. Anupama Ltd. had issued 10,000, 9% Debentures of Rs. 100 each which is due for redemption on 31st March 2008. The company has in its Debenture Redemption Reserve Account a balance of Rs. 4,00,000. Record the necessary journal entries at the time of Redemption of Debentures. 4
11. (a) A and B are partners in the ratio of 7 : 3. They admit C for 1/5th share, which he acquires, in equal proportions from both. Find the new profit sharing ratio.
 (b) A, B and C were partners in a firm sharing profits in the ratio of 5 : 4 : 3. B retires and his share is taken up equally by A and C. Find the new profit sharing ratio. 2 + 2 = 4

PART B

(Analysis of Financial Statements)

19. What will be the operating profit ratio, if operating ratio is 87.14% ? 1

SOLUTIONS

DELHI Set-I	Code No. 67/1/1
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PART-A

- This system is also known as mercantile system of accounting. In this transactions are recorded on the basis of amounts having becomes due for payment or receipt.
- As per Indian Partnership Act, 1932 when a partner is minor then that time partner exempted from sharing the losses in a firm.
- The law does not expressly require that the partnership agreement be in writing, it is desirable to have it in writing so that in case of any dispute with regard to the terms of partnership.

4. Interest on drawings = Each month drawing $\times \frac{R}{100} \times \frac{6.5}{12}$

$$= \frac{n(n+1)}{2}$$

$$n = 12$$

$$= \frac{12(12+1)}{2} = 12 \times 6.5$$

- Due to security point of view debentures are fully seceded security in compare to the share in terms of return as dividend and interest.

6. Computation of subscription 2007-08

Subscription received during the year		80,000
Add : (i) Outstanding End	12000 + 6000	
(ii) Advance Beginning	15,000	33,000
		1,13,000
Less : (i) Subscription outstanding	26,000	
(ii) Advance	10,000	(36,000)
Subscription received during the year		77,000