

**CBSE Class 11 Accountancy
Sample Paper 3 - Questions
For CBSE Examination March 20XX**

Time allowed: 3 hours

Maximum Marks: 80

PART A

1. Why is the average profit multiplied by 'number of years' purchase' to ascertain the value of Goodwill? (1)
2. A, B and C sharing profits and losses in the ratio of 5:3:2, decide to share future profits and losses in the ratio of 2:3:5. Give journal entry for the following: 'Investment Fluctuation Reserve' is of ₹. 80,000/- and Investment appears at ₹. 2,00,000/- against its market value of ₹. 1,20,000/-. (1)
3. Q, a partner, is assigned the responsibility of dissolution of the firm for the remuneration of ₹. 25,000/-. She agrees to bear dissolution expenses which came to ₹. 5,000/-. She gave her consent to take a computer of book value ₹. 30,000/- for the amount that is due to her. Pass the necessary journal entry. (1)
4. Distinguish between Income and Expenditure a/c and Receipts and Payment a/c. (1)
5. State the minimum amount of profit required to be transferred to debenture redemption reserve. (3)
6. At the time of purchase of the business, if the consideration is more than the value of net assets, the difference is debited to the goodwill a/c. Why is goodwill not written off immediately in this case? (3)
7. A Ltd. had issued 10,000, 9% debentures of ₹. 100/- each at par redeemable at par at the end of 4 years. The Board of Directors determined to transfer the minimum required amount to debenture redemption reserve as per the Companies Act, 2013, at the time of redemption. Record necessary journal entries at the time redemption of debentures and creation of debenture redemption reserve.
Assume that investments, as required by Rules framed under section 71(4), were made on 1st April of the financial year. Interest on the investment is also received @8% per annum for the full year. (4)

8. Vibha and Priyata are partners in a company sharing profits in the ratio 3: 2. Their firm is manufacturing handicrafts and handlooms.

They decided to admit Sang into the partnership for a 1/6th share of the future profits.

Goodwill, value at 4 times the average super profit of the firm, was ₹18,000. The firm had assets worth ₹15,00,000 and liabilities ₹1,20,000. The normal rate of return of such firms is 10% p.a.

Find the average profit earned by the firm during the last 4 years. (4)

9. Why is revaluation account prepared? State any two reasons. (4)

10. A, B, C, and D were partners sharing profits in the ratio of 3:3:2:2. On 1st April, 2018, D retired owing to ill health. It was decided by A, B, and C that in future their profit-sharing ratio would be 3:2:1. Goodwill of the firm is valued at ₹6,00,000. Goodwill already appeared in the Balance Sheet at ₹50,000. Complete the following journal entries in this regards.

(4)

Journal					
Date	Particulars		L.F	Dr. ₹	Cr. ₹
2018 April 1	A's Capital A/c B's Capital A/c C's Capital A/c D's Capital A/c	Dr. Dr. Dr. Dr..		? ? ? ?	
	To? (Being the existing goodwill written off)				?
	A's Capital A/c B's Capital A/c	Dr. Dr.		? ?	
	To C's Capital A/c To D's Capital A/c (Being the adjustment for goodwill made on the retirement of D and change in the profit-sharing ratio)				? ?

11. Average profit is ₹3,00,000 capital employed is ₹10,00,000, Normal Rate of Return is 15%. Calculate the value of goodwill on the basis of capitalization of super profit. (6)

12. A, B, and C were partners in a firm sharing profits in a proportion of their capitals. On the 31st, March 2018, their balance sheet was.

(6)

Liabilities	□	Assrt	□
Employees' Provident Fund	16,000	Building	1,40,000
Workmen Compensation Reserve	12,000	Machinery	60,000
A's Capital A/c	40,000	Stock	8,000
B's Capital A/c	60,000	Debtors	12,000
C's Capital A/c	1,00,000	Cash	8,000
	2,28,000		2,28,000

B, unfortunately, died in a car accident on June 30th, 2018. Under the partnership agreement, the executors of deceased partners were entitled to the following:

- (i) The amount standing to the credit of the deceased partner's capital account
 - (ii) Interest on Capital @10%
 - (iii) Share of goodwill. The goodwill of the firm on B's death was valued at □2,40,000
 - (iv) Share of profit from the closing of the last financial year to the date of death on the basis of last year's profit. Profit for the year ended 31st March 2018 was □15,000.
- Prepare B's capital account to be rendered to his executors and B's Executors' Account.

13. Fill the missing values in the following journal entries.

(6)

Journal					
Date	Particular		L.F	Dr.(□)	Cr.(□)
	Sundry Asset A/c ?	Dr. Dr.		11,00,000 ?	
	To Sundry Liabilities A/c To Mohan Ltd. (Being assets and liabilities taken over from Mohan Ltd)				2,20,000 ?
	Mohan Ltd.	Dr.		10,80,000	
	To 10% Debentures A/s To Securities Premium Reserve A/c (Being 9,000, 10% Debentures of □100 each issued at a premium of ?%)				? ?

14. State how will be the following items dealt while preparing the final accounts of a sports club of the year ending on 31st March 2018:

Prize awarded □1,70,000

Prize fund as at 31st March 2017: □1,20,000

Donations for prizes received during the year 2017-18: ₹28,000

10% prize fund investment as at 31st March, 2017: ₹1,20,000

Interest on prize fund investments: ₹12,000

(6)

15. Moon Ltd. is in a publication business. To make a contribution towards society, it decided to provide free books to poor illiterate children in the society. It also issued 10,000, 10% debentures of 100 each at 6% premium redeemable at a premium of 4% after four year.

Pass necessary Journal entries for issue of debentures. Also, identify one value which the company communicates to the society. (6)

16. A summary of receipts and payments of medical aid society for the year ended 31st March 2018 is given below: (8)

Dr	Receipt and Payment Account		Cr.
Receipt	₹	Payment	₹
To Balance b/d		By Honorarium to Doctors	1,00,000
Cash in Hand 80,000		By Salaries	2,80,000
Cash at Bank 10,000		By General Expenses	20,000
		By Medicines Purchased	3,00,000
To Donations	90,000	By Medical Equipment purchased	1,00,000
To Subscriptions	1,40,000	By Charity Show Expenses	40,000
To Interest on Investment		By Conveyance Expenses	25,000
@8% for the year	5,05,000	By Balance c/d	
To Charity Show Proceeds	1,20,000	Cash in Hand 50,000	
		Cash at Bank 20,000	70,000
	9,35,000		9,35,000

Additional Information:

	As @ 31st March, 2017 (₹)	As @ 31st March, 2018 (₹)
1. Subscription Due	8,000	10,000
2. Subscription Received in Advance	12,000	6,000
3. Stock of Medicine	1,00,000	1,50,000
4. Amount due to medicine suppliers	60,000	90,000
5. Medical Equipment	2,50,000	3,20,000
6. Building	5,00,000	4,80,000

You are required to prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at the date.

17. Shiv Ltd. issued 1,000, with 10% debenture of ₹100 each at a premium of 5% repayable at a premium of 10%. The Board of Directors decided to transfer the amount required to Debentures Redemption Reservation as per the Companies Act 2013 at the time of redemption. Give necessary journal entries at the time of redemption of debentures.

Assume that investments, as required by rule 18(7) of the companies (shares and debentures) rule, 2014, were made on 1st April of the financial year in which redemption is due and realized at book value at the end of the financial year. Interest on the investment is received @ 8% annum. (8)

18. Form the following information, prepare comparative Balance Sheet. (8)

Particulars	31st March 2018 (₹)	31st March 2017 (₹)
Share Capital	30,00,000	22,50,000
Reserve and Surplus	3,00,000	4,00,000
Long term Borrowings	9,00,000	6,00,000
Short Term Borrowings	3,00,000	2,00,000
Fixed Assets: a. Tangible	30,00,000	22,50,000
b. Intangible	9,00,000	6,00,000
Inventories	1,50,000	3,00,000
Trade Receivables	1,50,000	1,00,000
Cash and Cash Equivalents	3,00,000	2,00,000