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# AHSEC

ASSAM HIGHER SECONDARY EDUCATION COUNCIL

# 2024

# Accountancy

## Solved Question Paper

## By The Treasure Notes

The **Most Accurate** & **Error Free** Solved Papers for **AHSEC**  
Class XII Examination

2024

ACCOUNTANCY

For New Course Students

Full Marks: 80

Pass Marks: 24

Time: Three hours.

CODE: 34T ACOU

The figures in the margin indicate full marks for the questions.

**1. (a). Fill in the blanks with appropriate word/words (any four)**

**1×4= 4**

(i). Partners' current accounts are prepared when the capital accounts are **'fixed'**.

(ii). A company is a separate **'legal'** entity. It is a separate entity from its members.

(iii). Current ratio is the relationship between current assets and **'current liabilities'**.

(iv). Equity Shareholders are **'owners'** of a company.

(v). At the time of dissolution of a partnership firm, assets are transferred to the Realisation Account at **'book'** value.

**(b). State whether the following statements are 'True' or 'False':**

**1×2=2**

(i). Debentureholders do not have right to vote in the meetings of the company.

**Answer:** True.

(ii).Premium for goodwill is shared in gaining Ratio.

**Answer:** False. (sacrificing ratio)

**(C) Choose the correct alternative: 1×2=2**

(i). The portion of the authorised capital which is offered to the public for sale in the form of shares is called....?

(a) subscribed capital

**(b) issued capital**

(c) called-up capital

(d) paid-up capital

**Answer:** (b) issued capital

(ii) In the absence of partnership deed, the rate of interest allowed on partner's capital is .....?

**(a) 6%**

(b) 5%

(c) 6.5%

(d) None of the above

**Answer:** (a) 6%

Q. 2. What do you mean by re-issued of forfeited share ? 2

**Answer:** Re-issuing forfeited shares is the process where a company sells shares that were previously taken back from shareholders who didn't pay their dues. The company then sells these shares, often at a lower price, to new or existing investors to recover some of the lost capital..

**Q. 3. Write any two demerits of partnership business. 2**

**Answer:** Two demerits of partnership business are:

**1. Unlimited liability:** Partners have unlimited personal liability for the debts and obligations of the business. This means personal assets can be used to settle business debts.

**2. Potential for conflict:** Differences in opinions, management styles, and decision-making processes can lead to disputes and conflicts among partners, which can negatively impact the business.

**Q. 4. Mention two features of a debenture.**

**Answer:**

**a. Fixed Interest Rate:** Debentures carry a fixed rate of interest, which is paid to the debenture holders irrespective of the company's profit.

**b. Redemption:** Debentures are usually redeemable after a fixed period, meaning the principal amount is repaid to the holders at the end of this period.

OR

**Q. Write the meaning of 'Cash flow from investing activities'.**

**Answer:** Cash flow from investing activities refers to the cash generated or spent on activities related to the acquisition and disposal of long-term assets and investments. This includes cash used to purchase property, plant, and equipment, cash received from the sale of assets, and cash paid for purchasing investments.

Q. 5. Give two circumstances under which the fixed capitals of partners may change.

**Answer:**

**a. Additional Capital Contribution:** When partners decide to invest additional capital into the business.

**b. Withdrawal of Capital:** When partners withdraw a portion of their capital from the business for personal use.

OR

Q. Why is Profit and Loss Adjustment Account prepared?

**Answer:** The Profit and Loss Adjustment Account is prepared to adjust the profits or losses for any errors, omissions, or changes in accounting estimates from previous periods. It helps in correcting these errors and ensuring the accuracy of the financial statements.

Q. 6. What is meant by 'calls-in-advance'?

**Answer:** Calls-in-advance refer to the amount received by a company from shareholders for shares yet to be called up. Essentially, shareholders pay in advance before the company has made a formal call for the amount.

Q. 7. Mention two limitations of financial statement analysis.

**Answer:** Two limitations of financial statement analysis:

**1. Historical Nature:** Financial statements are historical in nature and may not reflect the current or future financial position of the company.

**2. Subjectivity:** The analysis may be influenced by the subjectivity and judgment of the person conducting it, leading to potential biases.

OR

**Q. What is meant by the term 'cash equivalents'?**

**Answer:** Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and have a maturity of three months or less at the time of acquisition. Examples include Treasury bills, commercial paper, and money market funds.

**Q. Write three situations when a partnership firm is compulsorily dissolved.**

**Answer:** 1. Death of a Partner: The partnership is automatically dissolved if one of the partners dies, unless otherwise agreed in the partnership deed.

2. Insolvency of a Partner: If any partner is declared insolvent, the partnership firm is compulsorily dissolved.

3. Completion of the Business Purpose: When the specific purpose for which the partnership was formed is completed or the time period specified for the partnership expires, the firm must be dissolved.

**Q. 9. Give any three items that can be shown under the heading 'Reserves and Surplus' in a company's Balance Sheet.**

**Answer:**

**1. General Reserve:** A portion of the profit set aside for future needs and contingencies.

**2. Capital Reserve:** Reserve created from capital profits, not available for distribution as dividends.

**3. Retained Earnings:** The accumulated portion of the net income which is retained by the company instead of being distributed as dividends.

OR

**Name any three items of current assets.**

**Answer:**

- 1. Cash and Cash Equivalents:** Includes physical cash, bank balances, and other short-term investments.
- 2. Accounts Receivable:** Amounts owed to the company by customers for goods or services delivered but not yet paid for.
- 3. Inventory:** Goods available for sale, raw materials, and work-in-progress.

Q. 10. Current liabilities of a company are 23,50,000. Its current ratio is 3:1 and liquid ratio is 1.75 :1. Calculate the current assets and liquid assets.

**Solution:**

**Given,**

Current liabilities (C.L)= 23,50,000

Current Ratio (C.R)= 3:1

Liquid Ratio (L.R) = 1.75 : 1

Current Assets (C.A) = ?

Liquid Assets (L.A)= ?

We know that,

$$C.R = C.A/C.L$$

$$3/1 = C.A / 23,50,000$$

$$C.A = 23,50,000 \times 3$$

$$= \underline{70,50,000}$$

Now,

$$L.R = L.A / C.L$$

$$1.75/1 = L.A / 23,50,000$$

$$L.A = 23,50,000 \times 1.75$$

$$= \underline{41,12,500}$$

**Therefore**, the current assets are ₹70,50,000 and the liquid assets are ₹41,12,500.

OR

**Mention any three objectives of preparing a comparative statement. 3**

**Answer:** Three objectives of preparing a comparative statement are:

- 1. Identifying Trends:** Comparative statements help in identifying trends over different periods, facilitating analysis of financial performance and changes in key metrics.
- 2. Performance Evaluation:** They aid in evaluating the company's performance against its own past performance or against competitors, providing insights into areas of strength and weakness.
- 3. Decision Making:** Comparative statements assist in making informed decisions by providing a basis for comparison and highlighting areas requiring attention or improvement.

OR



**What is computerised accounting system? 3**

**Answer:** A computerized accounting system is a software-based solution used for recording, storing, and processing financial transactions electronically. It performs various accounting tasks such as journal entries, ledger processing, invoicing, and financial reporting. Compared to traditional manual accounting, it offers advantages such as increased efficiency, accuracy, and the ability to generate real-time financial reports.

**Q. 11. A and B are partners in a firm sharing profits and losses equally. They have a total share of 1/2. C is admitted and is considered 1/3 of his share and B surrenders 1/12 of his share in favour of C. Ascertain the new profit sharing ratio.**

**Solution:** Initially, because A and B share profits equally, so each has a share of 1/2.

**Now,** Calculation of the remaining share for A and B after surrendering a portion to C:

- A's new share:  $(1/2) - (1/6) = 1/3$
- B's new share:  $(1/2) - (1/12) = 5/12$

**Therefore,** the new profit sharing ratio for A, B, and C is:

- A: 1/3

- B:  $5/12$
- C:  $1/6 + 1/12 = 1/4$

So the new profit sharing ratio is  $1/3 : 5/12 : 1/4$ , which can be further simplified to **4:5:3**

OR

**Explain in brief the 'average profit method' of goodwill valuation.**

**3**

**Answer:** Average Profits Method: In this method, Actual maintainable profits of business over a number of years are taken into account. Actual maintainable profits earned over a number of years are totalled and average is determined by dividing total with number of years. The average profits so determined are multiplied by the number of year's purchases to arrive at the value of goodwill.

**For calculation of goodwill following steps are to be followed**

1. Calculate Actual maintainable profits with the help of following formula. Actual maintainable profits = Net Profit + Abnormal loss - Abnormal Gain - regular business expenses not considered in accounts.
2. Calculate Average maintainable Profit = Total Actual maintainable profits /no of years.
3. Calculate goodwill Average maintainable Profit x no. of year's purchase

OR

**Write three advantages of using graphs. 3**

**Answer:** Three advantages of using graphs are:

**1. Visual Representation:** Graphs provide a visual representation of data, making complex information easier to understand and interpret at a glance.

**2. Comparison:** Graphs allow for easy comparison between different data sets, trends, or categories, facilitating quick analysis and identification of patterns or outliers.

**3. Clarity and Communication:** Graphs enhance clarity and communication of data, enabling effective presentation to stakeholders, decision-makers, or the general audience, promoting better understanding and decision-making.

12. Prepare a Common Size Income Statement of Maina Ltd. from the following informations:

<b>Particulars</b>	<b>2022</b>	<b>2023</b>
Sale	1,05,000	1,10,000
Sales Returns	5,000	10,000
Cost of Goods Sold	70,000	74,800
Office Expenses	3,000	3,200
Non-operating Incomes	5,000	6,600
Non-operating Expenses	1,000	1,100
Income Tax Rate	50%	50%

**Solution:**

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Particulars	2022 (%)	2023 (%)
Net Sales	100%	100%
Cost of Goods Sold	70%	74.8%
Gross Profit	30%	25.2%
Operating Expenses	4%	3.9%
Operating Income	26%	21.3%
Net Income Before Tax		25%
Income Tax		
Net Income After		21.5%

**Working:**

**1. Calculation of Net Sales:** Net Sales in 2022 = ₹1,05,000 Net Sales in 2023 = ₹1,10,000 - ₹10,000 = ₹1,00,000

**2. Calculation of Cost of Goods Sold (COGS):** COGS in 2022 = ₹70,000 COGS in 2023 = ₹274,800

**3. Calculation of Gross Profit:** Gross Profit in 2022 = Net Sales - COGS = ₹1,00,000 - ₹70,000 = ₹30,000  
Gross Profit in 2023 = Net Sales - COGS = ₹1,00,000 - ₹74,800 = ₹25,200

**4. Calculation of Operating Expenses:** Operating Expenses = Office Expenses + Non-operating Expenses  
Operating Expenses in 2022 =

$\text{₹}3,000 + \text{₹}1,000 - \text{₹}4,000$  Operating Expenses in 2023  $\text{₹}3,200 + \text{₹}1,100$   
 $= \text{₹}4,300$

**5. Calculation of Operating Income:** Operating Income Gross Profit-Operating Expenses Operating Income in 2022  
 $\text{₹}30,000 - \text{₹}4,000 = 26,000$  Operating Income in 2023  
 $\text{₹}25,200 - \text{₹}4,300 = \text{₹}20,900$

**6. Calculation of Net Income Before Tax:** Net Income Before Tax Operating Income + Non-operating Incomes Net Income Before Tax in 2022  
 $26,000 + \text{₹}5,000 = \text{₹}31,000$  Net Income Before Tax in 2023  
 $\text{₹}20,900 + \text{₹}6,600 = \text{₹}27,500$

**7. Calculation of Income Tax:** Income Tax Income Tax Rate Net Income Before Tax Income Tax in 2022  
 $= 50\% * \text{₹}31,000 = \text{₹}15,500$  Income Tax in 2023  
 $= 50\% * \text{₹}27,500 = \text{₹}13,750$

**8. Calculation of Net Income After Tax:** Net Income After Tax Net Income Before Tax - Income Tax Net Income After Tax in 2022  
 $= \text{₹}31,000 - \text{₹}15,500 = \text{₹}15,500$  Net Income After Tax in 2023  
 $= \text{₹}27,500 - \text{₹}13,750 = \text{₹}13,750$

OR

Explain in brief the tools of financial analysis. 6

Ans: The tools of financial analysis :

- a) **Comparative Statements:** These are the statements showing the profitability and financial position of a firm for different periods of time in a comparative form to give an idea about

the position of two or more periods. It usually applies to the two important financial statements, namely, balance sheet and statement of profit and loss prepared in a comparative form. The financial data will be comparative only when same accounting principles are used in preparing these statements. If this is not the case, the deviation in the use of accounting principles should be mentioned as a footnote. Comparative figures indicate the trend and direction of financial position and operating results. This analysis is also known as 'horizontal analysis'.

- b) **b) Common Size Statements:** Common size statement is a statement in which amounts of individual item of balance sheet and profit and loss account for one or more years are expressed in terms of percentage of a common base. The common base can be net sales in the case of profit and loss account and total of balance sheet for the balance sheet.
- c) **Trend Analysis:** Trend analysis is an important tool of horizontal financial analysis. This is helpful in making a comparative study of the financial statements over several years. Under this method trend percentages are calculated for each item of the financial statements taking the figure of base year as 100. Normally the starting year is taken as the base year. The trend percentages show the relationship of each item with its preceding year's percentages.

d)

OR

Explain the concepts of 'data validation' and 'data verification'. 6

Answer:

### **1. Data Validation:**

- Definition: Data validation is the process of ensuring that data entered into a system meets certain predefined standards or criteria.

- Purpose: It helps maintain data integrity by preventing incorrect or inappropriate data from being entered into a system.

- Methods: Validation can be performed through various techniques such as range checks, format checks, consistency checks, and completeness checks.

- Example: In a form where users enter their age, data validation would ensure that only numeric values within a certain range (e.g., 1 to 150) are accepted.

### **2. Data Verification:**

- Definition: Data verification is the process of confirming that the data entered matches the original source or that it is accurate and complete.

- Purpose: It ensures the accuracy and reliability of data by comparing it against a trusted source or by using other verification methods.

- Methods: Verification can involve double entry, cross-referencing with other records, or comparing against a master dataset.

- Example: In a customer database, data verification might involve cross-referencing a customer's address provided online with their address on file to ensure they match.

In essence, data validation focuses on ensuring that data meets specific criteria or rules, while data verification ensures the

accuracy and completeness of the data by comparing it against trusted sources or using other methods. Both are crucial for maintaining data quality and integrity.

13. Give Journal entries in the books of Pakhi Ltd. for issue of debentures under the following situations: 1+1+1+1+2=6

(a) Issued 5,000, 8% debentures of ₹ 100 each at par redeemable at 5% premium after 4 years.

(b) Issued 6,000, 9% debentures of ₹100 each at 5% premium, redeemable at par after 4 years .

(c) Issued 7,000, 10% debentures of ₹ 100 each at 5% discount, redeemable at par after 4 years.

(d) Issued 8,000, 10% debentures of ₹ 100 each at 5% premium, redeemable at 10% premium after 4 years.

(e) Issued 5,000, 9% debentures of ₹ 100 each to the vendors for purchasing machinery of ₹5,00,000.

**Solution:**

**(a) Issuance of 5,000, 8% Debentures at Par with 5% Premium after 4 years:**

**Application Stage:**

Debentures Account (₹100 each) Dr. ₹5,00,000

To Bank Account (Application money received) ₹2,00,000

To Debenture Application Account (₹40 per debenture) ₹2,00,000



**Narration:** Received applications for 5,000 debentures.

**Allotment Stage:**

Bank Account Dr. ₹2,60,000

To Debentures Account (₹100 each) ₹2,60,000

**Narration:** Allotted 5,000 debentures.

**Transfer Premium to Capital Reserve:**

Debenture Premium Account Dr. ₹25,000

To Capital Reserve Account ₹25,000

**Narration:** Transferred the premium on debentures to the Capital Reserve.

**(b) Issuance of 6,000, 9% Debentures at 5% Premium, Redeemable at Par after 4 years:**

**Application Stage:**

Debentures Account (₹100 each) Dr. ₹6,00,000

To Bank Account (Application money received) ₹2,40,000

To Debenture Application Account (₹40 per debenture) ₹2,40,000

**Narration:** Received applications for 6,000 debentures.

**Allotment Stage:**

Bank Account Dr. ₹3,90,000

To Debentures Account (₹100 each) ₹3,90,000

**Narration:** Allotted 6,000 debentures.

**Transfer Premium to Capital Reserve:**

Debenture Premium Account Dr. ₹30,000

To Capital Reserve Account ₹30,000

**Narration:** Transferred the premium on debentures to the Capital Reserve.

**(c) Issuance of 7,000, 10% Debentures at 5% Discount, Redeemable at Par after 4 years:**

**Application Stage:**

Debentures Account (₹100 each) Dr. ₹7,00,000

To Bank Account (Application money received) ₹1,75,000

To Debenture Application Account (₹25 per debenture) ₹1,75,000

**Narration:** Received application for 7,000 debentures.

**Allotment Stage:**

Bank Account

To Debenture Application Account ₹1,75,000

**Narration:** Received application for 7,000 debentures.

**Discount on Issue of Debentures**      **Miscellaneous**

**Expenditure**

Discount on Issue of Debentures ₹1,75,000

To Debentures Account

**Narration:** Recorded the issue of debentures as a miscellaneous expenditure.

**(d) Issuance of 8,000, 10% Debentures at 5% Premium, Redeemable at 10% Premium after 4 years:**

**Application Stage:**

Debentures Account (₹100 each) Dr. ₹8,00,000

To Bank Account (Application money received) ₹3,20,000

To Debenture Application Account (₹40 per debenture) ₹3,20,000

**Narration:** Received applications for 8,000 debentures.

**Allotment Stage:**

Bank Account Dr. ₹5,20,000

To Debentures Account (₹100 each) ₹5,20,000

**Narration:** Allotted 8,000 debentures.

**Transfer Premium to Capital Reserve:**

Debenture Premium Account Dr. ₹40,000

To Capital Reserve Account ₹40,000

**Narration:** Transferred the premium on

**Note:** Students are suggested to solve Questions in proper format.

OR

**Q. Give six points of distinctions between a share and a debenture.**

**Answer:**

<b>Point of Distinction</b>	<b>Share</b>	<b>Debenture</b>
<b>Ownership</b>	Represents ownership in the company.	Represents a loan to the company.
<b>Status</b>	Shareholders are owners of the company.	Debenture holders are creditors of the company.
<b>Returns</b>	Returns in the form of dividends.	Returns in the form of interest.

<b>Voting Rights</b>	Shareholders generally have voting rights.	Debenture holders do not have voting rights.
<b>Risk</b>	Higher risk as returns depend on profits.	Lower risk as interest is paid regardless of profits.
<b>Repayment</b>	Shares are not repaid by the company. They exist as long as the company exists.	Debentures are repaid after a fixed period or on maturity.

OR

**Q. Explain the applications of Spreadsheet in Accounting. 6**

**Answer:** Spreadsheets have a wide range of applications in accounting. Here are six key applications:

- 1. Financial Statements Preparation:** Spreadsheets are used to create financial statements such as income statements, balance sheets, and cash flow statements. They allow for easy organization, calculation, and updating of financial data.
- 2. Budgeting and Forecasting:** Accountants use spreadsheets to prepare budgets and financial forecasts. Spreadsheets facilitate scenario analysis and the comparison of actual results against budgeted figures, helping in financial planning and decision-making.
- 3. Expense Tracking and Management:** Spreadsheets help in tracking and managing expenses. They enable detailed recording

and categorization of expenses, making it easier to monitor spending and identify areas for cost control.

**4. Tax Calculations:** Spreadsheets can be used to perform various tax-related calculations. They simplify the process of computing tax liabilities, managing deductions, and preparing tax returns.

**5. Data Analysis and Reporting:** Spreadsheets are powerful tools for analyzing financial data. Accountants can use them to perform ratio analysis, trend analysis, and other analytical tasks. Spreadsheets also facilitate the creation of reports and visualizations to communicate financial insights effectively.

**6. Accounts Reconciliation:** Spreadsheets assist in reconciling accounts, such as bank reconciliations. They allow for the comparison of different sets of records, identification of discrepancies, and adjustment of entries to ensure accurate financial records.

These applications make spreadsheets an essential tool in the accounting profession, enhancing efficiency, accuracy, and the ability to analyze and present financial data.

14. Susanta, Ananta and Diganta were in partnership sharing profits and losses in the ratio of 3:2:1. On 1.1.2023. Susanta retires from the firm. On that date Balance Sheet of the firm was as follows:

**BALANCESHEET**

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Creditors	50,000	Cash at Bank	6,000
Reserve Fund	60,000	Debtors	1,50,000

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<b>Capital:</b>		Stock	30,000
Susanta 80,000			
Ananta 60,000			
Diganta 40,000	1,80,000		
		Furniture	24,000
		Land and Building	80,000
<b>Total</b>	<b>2,90,000</b>	<b>Total</b>	<b>2,90,000</b>

**The terms of the retirement were:**

- (i) Goodwill of the firm were valued at 21,20,000.
  - (ii) Land and Building to be appreciated by 20,000.
  - (iii) Provision for Bad Debts to be made @ 2% on debtors.
  - (iv) Furniture to be depreciated by ₹4,000.
  - (v) Susanta's capital is to be transferred to his Loan Account.
- Give Journal entries relating to the above transactions.

**Solution:**

**Journal Entries**

Date	Particulars	Debit (₹)	Credit (₹)
01/01/2023	Ananta's Capital A/c Dr.	7,06,666.67	
	Diganta's Capital A/c Dr.	3,53,333.33	
	To Susanta's Capital A/c		10,60,000
	(Being goodwill adjusted among partners)		

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01/01/2023	Land and Building A/c Dr.	20,000	
	To Revaluation A/c		20,000
	(Being appreciation of Land and Building recorded)		
01/01/2023	Revaluation A/c Dr.	3,000	
	To Provision for Bad Debts A/c		3,000
	(Being bad 2		
01/01/2023			0
	(Being appreciation in furniture recorded)		
01/01/2023			
	To S A/c		80,000
	(Being Susanta's capital transferred to his loan account)		

**Revaluation Account**

Revaluation Account	Debit (₹)	Credit (₹)
To Provision for Bad Debts	3,000	
To Depreciation on Furniture	4,000	

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To Partners' Capitals (gain on revaluation)		
Susanta	7,000	
Ananta	4,667	
Diganta	2,333	
By Land & Building		20,000
Total	16,000	16,000

**Partners' Capital Accounts**

Particulars	Susanta (₹)	Ananta (₹)	Diganta (₹)
To Goodwill	10,60,000		
To Susanta's Loan	80,000		
By Reserve Fund	30,000	20,000	10,000
By Revaluation	7,000	4,667	2,333
By Goodwill		7,06,666.67	3,53,333.33
By Balance c/d		1,00,000	60,000
Total	11,77,000	8,31,333.67	4,25,666.33

OR

Explain how the amount due to a deceased partner is ascertained?

6

15. Distinguish between dissolution of partnership and dissolution of firm.

OR



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Ravi and Vicky are partners in a firm sharing profits and losses in the ratio of 3:2. They decided to dissolve their firm on 31st December, 2022. Their Balance Sheet on that date was as under:

Assets	Amounts	Liability	Amounts
<b>Capitals</b>		Furniture	16,000
Ravi	17500	Investment	4,000
Vicky	10,000	Debtors	2,000
Creditors	2,000	Stock	3,000
Profit and Loss A/c	1,500	Cash at Bank	6,000
	31,000		31,000

Ravi took over the investments at an agreed value of 23,800. Other assets were realised as follows:

Furniture - 218,000

Debtors 90% of Book value

Stock 22,800

Creditors of the firm agreed to accept 5% less. Expenses of realisation amounted to 2400. Close the firm's books by preparing a Realisation Account, Partners' Capital Accounts and Bank Account. 6

16. Anvi Ltd. has issued 10,000 equity shares of ₹10 each at a premium of 22 each payable as follows: 8

On Application - 22

On Allotment 25 (including premium)

On First and Final Call - 25

The shares have been fully subscribed, called up and paid-up except the following:

(a) Allotment and First and Final Call money on 500 shares held by Ritu, and

(b) First and Final Call money on 600 shares held by Jitu.

All these shares have been forfeited and re-issued at 10% discount as fully paid.

Give Journal entries in the books of the company.

OR

For what purposes 'securities premium' can be used? 5

(b) Write three distinctions between equity share and preference share.

OR

What are the steps involved in installation of computerised Accounting system (CAS)? 8

17. Mera and Karan are partner in a firm any profit in the ratio of 3:2 on April 1st 2022 their balance sheet was as under:

<u>Liabilities</u>	₹	<u>Assets</u>	₹
Sundry Creditors	85,000	Bank	10,000
Capitals		Stock	22,000
Mihir 70,000		Plant and Machinery	40,000
Karan 60,000	1,30,000	Building	20,000
		Goodwill	24,000
		Debtors	
		24,000	
		Less: Provision	
		1000	
		<b><u>Net Debtors</u></b>	23,000
Total Liabilities	1,30,000	Total Assets	1,30,000

On the above date, they admitted Sunil as a new partner on the following terms:

- (i) Sunil will bring ₹50,000 for his capital.
- (ii) He would get 1/5th share in the future profits
- (iii) Goodwill of the firm is valued at ₹1,20,000.
- (iv) Sunil will bring necessary premium for goodwill.

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Pass Journal entries to record the above transaction. Prepare Partner's Capital Accounts and Balance Sheet of the new firm.

OR

(i). Distinguish between Profit and Loss Account and Profit and Loss Appropriation Account. 5

(ii). Mention any three rights of a partner.3

18. Biswa and Pradip are partners in a firm. The Trial Balance of the firm as on 31st December, 2022 was as under:

Debit	₹	Credit	₹
<b><u>Drawings:</u></b>		<b><u>Capital:</u></b>	1,05,000
Biswas - 4000		Biswas -	18,400
Pradip - <u>3000</u>	7,000	65,000	
Cash at Bank	45,000	Pradip -	5000
Sundry	40,000	<u>40,000</u>	
Debtors	19,740		300
Insurance	9,000	Sundry	
Advertisement	12,500	Creditors	57,200
Closing Stock	16,300	Bank Loan	
Cash in hand	5,000	Commission	
Commission	20,860	Trading A/c	
Motor Car	10,000	(Gross Profit)	
Machinery			
	1,85,900		1,85,900

Prepare Profit and Loss Account, Profit and Loss Appropriation Account and the Balance Sheet of the firm for the year ended 31st December, 2022 after considering the following information:

(a) Partners are to share profits and losses in the proportion of 3/5 and 2/5 respectively.

(b) Write off 10% on Furniture and 20% on Motor.

(c) Create a provision for Doubtful Debts.

(d), Partner A is entitled to interest on his capital @ 6% per annum and Pradip is entitled to a salary of Rs. 10,000 per month.

(For Part (c) & (d) you may assume any figures you like.)

19. Answer the following questions (any four) 5×4= 20

(a) Write distinctions between, Fixed Capital Account and Fluctuating Capital Account.

(b) What is Ratio Analysis? Mention any three limitations of ratio analysis.

(c) Explain uses of Financial Statement.

(d) What is meant by Cash Flow Statement? Mention any three objectives of preparing cash flow statement.

(e) Explain the average profit method of valuation of goodwill. What is Revaluation Account?

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