

**CBSE (AI) EXAMINATION PAPER—2019**  
**ACCOUNTANCY**  
**CLASS—XII**

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*Time allowed : 3 hours*

*Maximum Marks : 80*

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**General Instructions:**

- (i) *This question paper contains two parts—A and B.*
  - (ii) *Part A is **compulsory** for all.*
  - (iii) *Part B has two options—Analysis of Financial Statements and Computerised Accounting.*
  - (iv) *Attempt **only one** option of Part B.*
  - (v) *All parts of a question should be attempted at one place.*
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**Set–I**

**PART A**

**(Accounting for Not-for-Profit Organizations,  
Partnership Firms and Companies)**

1. A, B and C were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. B retired and his share was taken over by A and C equally. Calculate the gaining ratio. (1)
2. In the absence of a partnership deed, in which ratio do the old partners sacrifice their share of profit in case of admission of a new partner? (1)

*Or*

Give any two circumstances in which sacrificing ratio may be applied.

3. Why are adjustments for outstanding and prepaid expenses not recorded in Receipts and Payments Account? (1)

*Or*

Distinguish between 'Receipts and Payments Account' and 'Income and Expenditure Account' on the basis of 'Depreciation'. (1)

4. In the absence of provision in the partnership deed, in which ratio is the deficiency arising out of guarantee of profit to a partner borne by the other partners? (1)
5. Varun and Arun are partners in a firm sharing profits and losses equally. On the date of dissolution of the partnership firm, Varun's wife's loan was ₹ 45,000, whereas Arun's loan was ₹ 65,000. Which loan will be paid first and why? (1)
6. Differentiate between 'Capital Reserve' and 'Reserve Capital'. (1)

*Or*

What is meant by Preference Shares?

7. A and B are partners in a firm sharing profits and losses in the ratio of 2 : 1. On 1<sup>st</sup> April, 2017 they decided to admit C into partnership for  $\frac{1}{5}$ th share in the profits. For this purpose, goodwill was valued at 80% of the average annual profits of the previous four years. The profits of the last four years were: (3)

Year Ending	Amount (₹)
31.3.2014	1,67,000
31.3.2015	1,56,000
31.3.2016	1,92,000
31.3.2017	(10,000)

Calculate the value of goodwill of the firm and the amount of goodwill premium brought by C on his admission.

8. Vinod Limited has 30,000 12% Debentures of ₹ 100 each due for redemption on 31<sup>st</sup> March, 2018. Debenture Redemption Reserve has a balance of ₹ 7,50,000 on 31<sup>st</sup> March, 2017 and the company had purchased the required investments on 30<sup>th</sup> April, 2017.

Pass necessary journal entries for redemption of debentures on 31<sup>st</sup> March, 2018. (3)

9. Nano Ltd. purchased assets of Dow Ltd. for ₹ 3,00,000. It also agreed to take over the liabilities of Dow Ltd. amounting to ₹ 50,000 for a purchase consideration of ₹ 2,75,000. The payment of Dow Ltd. was made by issue of 8% Debentures of ₹ 50 each at a premium of 10%.

Pass necessary journal entries for the above transactions in the books of Nano Ltd.

*Or*

On 1<sup>st</sup> April, 2014, a limited company issued ₹ 4,00,000, 9% debentures at 93%, repayable by draw of lots in two equal installments starting from 31<sup>st</sup> March, 2017. Prepare Discount on Issue of Debentures Account from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2016. (3)

10. Calculate the amount of stationery to be posted to Income and Expenditure Account of Indian Cultural Society for the year ending 31<sup>st</sup> March, 2018 from the following information:

Particulars	1.4.2017 ₹	31.3.2018 ₹
Stock of stationery	21,000	18,000
Creditors for stationery	11,000	23,000

Stationery purchased during the year ended 31<sup>st</sup> March, 2018 was ₹ 75,000.

Also, present the relevant items in the Balance Sheet of the society as at 31<sup>st</sup> March, 2018. (3)

11. Mita, Gopal and Farhan were partners sharing profits and losses in the ratio 3 : 2 : 1. On 31<sup>st</sup> March, 2018 they decided to change the profits sharing ratio to 5 : 3 : 2. On this date, the Balance Sheet showed difference advertisement expenditure ₹ 30,000 and contingency reserve ₹ 9,000. Goodwill was valued at ₹ 4,80,000. Pass the necessary journal entries for the above transactions in the books of the firm on its reconstitution. (3)

12. Shirish, Harit and Asha were partners in a firm sharing profits in the ratio of 5 : 4 : 1. Shirish died on 30<sup>th</sup> June, 2018. On this date their Balance Sheet was as follows:

**Balance Sheet of Shirish, Harit and Asha as 31<sup>st</sup>.3.2018**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital:		Plant and Machinery	5,60,000
Shirish   1,00,000		Stock	90,000
Harit     2,00,000		Debtors	10,000
Asha <u>3,00,000</u>	6,00,000	Cash	40,000
Profits for the year 2017–2018	80,000		
Bills Payable	20,000		
	7,00,000		7,00,000

According to the partnership deed, in addition to decreased partner's capital, his executor is entitled to:

- (i) Share in profits in the year of death on the basis of average or last two years' profit. Profit for the year 2016 – 17 was ₹ 60,000.
- (ii) Goodwill of the firm was to be valued at 2 years' purchase of average of last two years' profits.

Prepare Shirish's Capital Account to be presented to his executor. (4)

13. Namanjyot Society showed the following position: (4)

**Balance Sheet as at 31<sup>st</sup> March, 2018**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund	72,000	Furniture	40,000
Subscriptions received in advance	6,000	Cash at Bank	30,000
		Cash in Hand	8,000
	78,000		78,000

**Receipts and Payments Account for the year ending 31<sup>st</sup> March, 2018**

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d		By Computers (1.10.2018)	1,00,000
Cash at Bank   30,000		By Office Expenses	29,000
Cash in Hand <u>24,000</u>	54,000	By Electric Charges	15,000
To Sale proceeds of old newspapers	900	By Postage and Stationery	9,000
To Locker's Rent	7,000	By 10% Investments (on 1.12.2017)	60,000
To Interest on Investments	1,600	By Balance c/d	

To Entrance Fees	50,000	Cash at Bank	80,000	
To Life Membership Fees	1,00,000	Cash in Hand	<u>35,500</u>	1,15,500
To Membership subscriptions	98,000			
To Subscriptions for relief fund	17,000			
	<u>3,28,500</u>			<u>3,28,500</u>

Additional Information:

- (i) Computers were to be depreciated @ 60% p.a. and furniture @ 10% p.a.
- (ii) Membership subscription included ₹ 20,000 received in advance.
- (iii) Electric charges outstanding ₹ 10,000.

Prepare Income and Expenditure Account for the year ending 31<sup>st</sup> March 2018. (6)

14. Adiraj and Karan were partners in a firm sharing profits and losses in the ratio 3 : 2. On 31<sup>st</sup> March, 2018 the firm was dissolved. After the transfer of assets (other than cash in hand and at bank) and third party liabilities to the Realization Account, the following information was provided:

- (i) Furniture of ₹ 70,000 was sold for ₹ 68,000 by auction and auctioneer's commission amounted to ₹ 2,000.
- (ii) Adiraj's loan amounting to ₹ 35,000 was paid.
- (iii) Out of the stock of ₹ 80,000, Karan took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.
- (iv) A bills receivable of ₹ 3,000 under discount was dishonoured as the acceptor had become insolvent and hence the bill had to be met by the firm.
- (v) Profit and Loss Account showed a debit balance of ₹ 56,000.
- (vi) Realization expenses amounted to ₹ 2,000 which were paid by Adiraj.

Pass the necessary journal entries for the above transactions on the dissolution of the firm. (6)

15. Shreya and Vivek were partners in a firm sharing profits in the ratio 3 : 2. The balances in their capital and current accounts as on 1<sup>st</sup> April, 2017 were as under:

	Sherya (₹)	Vivek (₹)
Capital accounts	3,00,000	2,00,000
Current accounts	1,00,000 (Cr.)	28,000 (Dr.)

The partnership deed provided that Shreya was to be paid a salary ₹ 5,000 p.m. whereas Vivek was to get a commission of ₹ 30,000 for the year.

Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Shreya were ₹ 3,000 at the beginning of each quarter while Vivek withdrew ₹ 30,000 on 1<sup>st</sup> September, 2017. The net profit of the firm for the year before making the above adjustments was ₹ 1,20,000.

Prepare Profit and Loss Appropriation Account and Partner's Capital and Current Accounts. (6)

*Or*

Ramesh, Mahesh and Suresh were partners in a firm sharing profits in the ratio of 3 : 3 : 2. Their respective fixed capitals were : Ramesh ₹ 5,00,000; Mahesh ₹ 4,00,000 and Suresh ₹ 3,00,000. They admitted Govind as a new partner for  $\frac{1}{5}$ th share in the

profits. Govind brought ₹ 4,00,000 as his capital and the necessary amount for goodwill premium. Their new profit sharing ratio will be 2 : 1 : 1 : 1.

Calculate the value of goodwill of the firm, showing your working clearly. Pass necessary journal entries for the above transactions on Govind's admission. (6)

16. Sunstar Ltd. invited applications for issuing 2,00,000 equity of share ₹ 50 each. The amount was payable as follows:

On Application	—	₹ 15 per share
On Allotment	—	₹ 10 per share
On First and Final Call	—	₹ 25 per share

Applications for 3,00,000 shares were received. Allotment was made to the applicants as follows:

Category	No. of Shares Applied	No. of Shares Allotted
I	2,00,000	1,50,000
II	1,00,000	50,000

Excess money received with applications was adjusted towards sums due on allotment and calls. Namita, shareholder of Category I, holding 3,000 shares failed to pay the allotment money. Her shares were forfeited immediately after allotment. Manav, a shareholder of Category II, who had applied for 1,000 shares failed to pay the first and final calls. His shares were also forfeited. All forfeited shares were reissued at ₹ 60 per share fully paid up.

Pass necessary journal entries and prepare Cash Book for the above transactions in the books of Sunstar Ltd.

*Or*

Megha Ltd. invited applications for issuing 90,000 equity shares of ₹ 100 each at a premium of ₹ 60 per share. The amount was payable as follows:

On Application	—	₹ 30 per share (including premium ₹ 10)
On Allotment	—	₹ 70 per share (including premium ₹ 50)
On First and Final Call	—	Balance amount

Applications for 1,00,000 shares were received. Shares were allotted on pro-rata basis to all the applicants. Excess money received with application was adjusted towards sums due to allotment. Sudha, a shareholder holding 4,500 shares, failed to pay the allotment money. Her shares were forfeited immediately after allotment. Afterwards the first and final call was made. Rajat, a holder of 3,600 shares, failed to pay the first and final call. His shares were also forfeited. All the forfeited shares were re-issued for ₹ 90 per share fully paid up. (8)

Pass necessary journal entries and prepare Cash Book for the above transactions in the books of Megha Ltd.

17. Raman and Rohit were partners in a firm sharing profits and losses in the ratio of 2 : 1. On 31<sup>st</sup> March, 2018, their Balance Sheet was as follows:

**Balance Sheet of Raman and Rohit as at 31<sup>st</sup> March, 2018**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital:		Plant and Machinery	1,75,000
Raman     1,40,000		Furniture and fixtures	65,000
Rohit <u>1,00,000</u>	2,40,000	Stock	47,000
Workmen Compensation Fund	40,000	Debtors             1,10,000	
Creditors	1,60,000	Less: Provision for doubtful debts <u>7,000</u>	1,03,000
		Bank Balance	50,000
	4,40,000		4,40,000

On the above date, Saloni was admitted in the partnership firm. Raman surrendered  $\frac{2}{5}$ th of his share and Rohit surrendered  $\frac{1}{5}$ th of his share in favour Saloni. It was agreed that:

- (i) Plant and machinery will be reduced by ₹ 35,000 and furniture and fixtures will be reduced to ₹ 58,500.
- (ii) Provision for bad and doubtful debts will be increased by ₹ 3,000.
- (iii) A claim for ₹ 16,000 for workmen's compensation was admitted.
- (iv) A liability of ₹ 2,500 included in creditors is not likely to arise.
- (v) Saloni will bring ₹ 42,000 as her share of goodwill premium and proportionate capital.

Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the reconstituted firm. (8)

*Or*

Sushma, Gautam and Kanika were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31<sup>st</sup> March, 2018, their Balance Sheet was as follows: (8)

**Balance Sheet of Sushma, Gautam and Kanika as at 31<sup>st</sup> March, 2018**

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors:		60,000	Cash at Bank		1,40,000
Employee's Provident Fund		40,000	Sundry Debtors		1,60,000
Profit and Loss Account		1,00,000	Stock		2,40,000
Capital:			Investments		2,00,000
Sushma	3,00,000		Fixed Assets		3,60,000
Gautam	2,50,000				
Kanika	<u>3,50,000</u>	9,00,000			
		11,00,000			11,00,000

On the above data, Sushma retired and it was agreed that:

- (i) Fixed Assets will be reduced to ₹ 2,90,000.
  - (ii) A provision of 5% on debtors for bad and doubtful debts will be created.
  - (iii) Stock was to be valued at ₹ 2,18,000. Sushma took over the stock at this value.
  - (iv) Goodwill of the firm on Sushma's retirement was valued at ₹ 8,00,000. Sushma's share of goodwill was treated by debiting Gautam and Kanika's Capital Accounts.
  - (v) Sushma was paid cash brought by Gautam and Kanika in such a way that their capitals became in profit sharing ratio and a balance of ₹ 58,000 was left in the bank.
  - (vi) Gautam and Kanika will share the future profits in the ratio of 2 : 3.
- Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the reconstituted firm.

**PART B****Option-1****(Analysis of Financial Statements)**

18. State with reason whether 'cash deposited in bank' will result in inflow, outflow or no flow of cash while preparing Cash Flow Statement. (1)
19. What is meant by 'cash flows from investing activities'? (1)
20. Explain briefly any four objectives of 'Financial Statement Analysis'? (1)

*Or*

Under which major heading and subheadings will the following items be presented in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013? (4)

- (i) Balance of the Statement of Profit and Loss.
- (ii) Interest accrued on investments
- (iii) Livestock
- (iv) Licenses and Franchise
- (v) Securities Premium Reserve
- (vi) Trade Marks

(vii) Work in Progress

(viii) 9% Debentures repayable during the current year.

21. Calculate opening and closing the trade receivables from the following information: Trade Receivable turnover ratio 4 times; Cost of Revenue from Operations ₹ 3,20,000; Gross profit ratio 20%; Closing trade receivables were ₹ 15,000 more than opening trade receivables; cash revenue from operations being  $33\frac{1}{3}\%$  of credit revenue from operations. (6)

*Or*

The Quick Ratio of a company is 1.5 : 1. State, giving reasons, which of the following transactions will improve, reduce or not change the quick ratio:

- (i) Purchase of goods for cash  
 (ii) Bills payable paid at maturity  
 (iii) Sale of goods costing ₹ 18,000 for ₹ 16,000  
 (iv) Cash collected from debtors (6)
22. From the information extracted from the Statement of Profit and Loss of K Ltd. for the years ended 31st March, 2017 and 31st March 2018. Prepare a Common Size Statement of Profit and Loss. (4)

Particulars	Note No.	2017 - 18	2016 - 2017
Revenue from operations		₹ 4,00,000	₹ 5,00,000
Cost of material consumed		₹ 2,40,000	₹ 3,50,000
Other expenses		₹ 1,10,000	₹ 1,30,000
Tax rate		50%	50%

23. From the following Balance Sheet of Mayur Ltd. and the additional information as at 31st March 2018, prepare a Cash Flow Statement: (6)

**Mayur Ltd.**

**Balance Sheet as at 31st March, 2018**

Particulars	Note No.	31.3.2018 ₹	31.3.2017 ₹
<b>I-Equity and Liabilities:</b>			
<b>1. Shareholder's Funds:</b>			
(a) Share Capital		30,00,000	20,00,000
(b) Reserves and Surplus	1	3,00,000	4,00,000
<b>2. Non-current Liabilities:</b>			
Long-term Borrowings	2	4,00,000	3,00,000
<b>3. Current Liabilities:</b>			
(a) Trade Payables		1,70,000	2,50,000
(b) Short-term Provisions	3	76,000	64,000
<b>Total</b>		<b>39,46,000</b>	<b>30,14,000</b>



<b>II-Assets:</b>			
<b>1. Non-Current Assets:</b>			
<b>(a) Fixed Assets:</b>			
(i) Tangible	4	29,00,000	23,00,000
(ii) Intangible	5	2,70,000	1,60,000
<b>2. Current Assets:</b>			
(a) Inventories		2,20,000	2,30,000
(b) Trade Receivables		1,10,000	1,30,000
(c) Cash and Cash Equivalents		4,46,000	1,94,000
<b>Total</b>		<b>39,46,000</b>	<b>30,14,000</b>

**Note to Accounts:**

Note No.	Particulars	31.3.2018 ₹	31.3.2018 ₹
1.	<b>Reserve and Surplus:</b> Surplus (Balance in Statement of Profit and Loss)	3,00,000	4,00,000
		3,00,000	4,00,000
2.	<b>Long-term Borrowings:</b> 9% Debentures	4,00,000	3,00,000
		4,00,000	3,00,000
3.	<b>Short-term Borrowings:</b> Provision for Tax	76,000	64,000
		76,000	64,000
4.	<b>Tangible Assets:</b> Machinery Accumulated Depreciation	36,00,000	28,00,000
		(7,00,000)	(5,00,000)
		29,00,000	23,00,000
5.	<b>Intangible Assets:</b> Goodwill	2,70,000	1,60,000
		2,70,000	1,60,000

*Additional Information:*

- (i) During the year, a piece of machinery costing ₹ 4,00,000 on which accumulated depreciation was ₹ 73,000 was sold for ₹ 3,10,000.
- (ii) 9% Debentures of ₹ 1,00,000 were issued on 31<sup>st</sup> March 2018.

**PART B****Option-2****Computerised Accounting**

18. Name the 'data element' in accounting transaction. (1)
19. What is meant by 'Primary Key'? (1)
20. State any four requirements which should be considered before making an investing decision to choose between 'Desktop Database' or 'Server Database'. (4)
21. What is meant by a 'Form'? How is 'Split Form' different from 'Simple Form'? (4)

*Or*

Why is it necessary to have safety measures in accounting software? Explain any two tools which provide data security. (4)

22. Explain different types of vouchers.

*Or*

What is meant by a Graph? Explain its any three advantages. (4)

23. List the functionality and availability of the following key combinations in Tally Software: (6)
- |          |                |
|----------|----------------|
| (i) F6   | (ii) F7        |
| (iii) F8 | (iv) CTRL + F8 |
| (v) F9   | (vi) CTRL + F9 |

*Questions are different from Set-I.*

**Set-II****PART A**

1. S, T and U were partners in a firm. They admitted V as a new partner. S and T sacrificed  $\frac{1}{3}$ rd and  $\frac{1}{4}$ th of their share respectively in favour of V. calculate the new profit sharing ratio of S, T, U and V. (1)
7. Ranjan and Vishal were partners in a firm and their books showed that on 31<sup>st</sup> March, 2018 their capital employed was ₹ 3,00,000. The normal rate of return on capital employed is 15%. During the year ended 31<sup>st</sup> March, 2018. The firm earned a profit of ₹ 58,000. Calculate goodwill on the basis of 3 years' purchase of super profits. (3)
8. JK Limited has 20,000, 12% Debentures of ₹ 100 each outstanding on 1<sup>st</sup> April, 2017. These debentures were redeemable on 31<sup>st</sup> March, 2018. Debenture Redemption Reserve had a balance of ₹ 6,00,000 on 31<sup>st</sup> March, 2017. The company purchased the required investments on 30<sup>th</sup> April, 2017.  
Pass necessary journal entries for the redemption of debentures on 31<sup>st</sup> March, 2018. (3)

9. From the following information calculate the amount of medicines to be posted to Income and Expenditure Account of Sargam Hospital for the year ending 31<sup>st</sup> March, 2018:

Particulars	1.4.2017 ₹	31.3.2018 ₹
Stock of medicines	25,000	20,000
Creditors for medicines	15,000	28,000

Medicines purchased during the year ended 31<sup>st</sup> March, 2018 was ₹ 1,00,000.

Also, present the relevant items in the Balance Sheet of Sargam Hospital as at 31<sup>st</sup> March, 2018. (3)

11. Babita, Kavita and Dinesh were partners in a firm. From 1<sup>st</sup> April, 2018 they decided to share the profits in the ratio 2 : 3 : 5. On this date the Balance Sheet of the firm showed a balance of ₹ 60,000 in General Reserve and debit balance of ₹ 1,20,000 in Profit and Loss Account. The Goodwill of the firm was valued at ₹ 3,60,000.
- Pass necessary journal entries for the above transactions in the books of the firm. Also show your workings clearly. (6)
12. Satish, Harish and Ashish were partners in a firm sharing profits in ratio of 3 : 2 : 5. The Balance Sheet of the firm on 31<sup>st</sup> March, 2018 was as follows:

**Balance Sheet of Satish, Harish and Ashish as at 31<sup>st</sup> March, 2018**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital:		Plant and Machinery	6,60,000
Satish     2,00,000		Stock	1,20,000
Harish    2,00,000		Debtors	30,000
Ashish <u>3,00,000</u>	7,00,000	Cash	90,000
Profits for the year 2017–2018	1,50,000		
Creditors	50,000		
	9,00,000		9,00,000

Harish died on 30<sup>th</sup> June, 2018. According to the partnership deed, in addition to the deceased partner's capital, his executor is entitled to:

- (i) Share in profits in the year of death on the basis of average of last two years' profit. Profit for the year 2016–17 was ₹ 1,00,000.
- (ii) Goodwill of the firm was to be valued at 3 years' purchase of average of last two years' profits.

Prepare Harish's Capital Account to be presented to his executor. (6)

**PART B**

18. State any two benefits of preparing Cash Flow Statement. (1)
19. 'Gain on sale of fixed assets' will be considered as which type of activity while preparing Cash Flow Statement? (1)

Questions are different from Set-I and Set-II.

## Set-III

### PART A

8. Calculate goodwill of the firm on the basis of 3 years' purchase of the average profits of the last five years. The profits of the last five years were:

Year	Amount (₹)
2013-14	4,00,000
2014-15	5,00,000
2015-16	(60,000)
2016-17	1,50,000
2017-18	2,50,000

**Additional information:**

- (i) On 1<sup>st</sup> January, 2016, a fire broke out which resulted into a loss of goods of ₹ 3,00,000. A claim of ₹ 70,000 was received from the insurance company.
- (ii) During the year ended 31<sup>st</sup> March, 2017 the firm received an unexpected tax refund of ₹ 80,000. **(3)**
9. Alton Limited has 50,000, 10% Debentures of ₹ 100 each due for redemption on 31<sup>st</sup> March, 2018. Debenture Redemption Reserve has a balance of ₹ 12,50,000 on 31<sup>st</sup> March 2017 and the company has purchased the required investments on 30<sup>th</sup> April, 2017.
- Pass necessary journal entries for the redemption of debentures on 31<sup>st</sup> March, 2018.
10. From the following information related to a 'Health Club', calculate the amount of subscriptions received during the year ended 31<sup>st</sup> March, 2018.

	Amount (₹)
Income from subscriptions for the year ended 31 <sup>st</sup> March, 2018	1,20,000
Subscriptions received in advance during the year ended 31 <sup>st</sup> March, 2018	10,000
Subscriptions outstanding on 1 <sup>st</sup> April, 2017	27,000
Subscriptions outstanding on 31 <sup>st</sup> March, 2018	22,000
Subscriptions received in advanced on 1 <sup>st</sup> April, 2017	8,000

11. Dinesh, Ramesh and Suresh are partners in a firm sharing profits and losses in the ratio 3 : 3 : 2. From 1<sup>st</sup> April, 2018 they decided to share the future profits equally. On this date, the General Reserve showed a balance of ₹ 1,60,000; Revaluation of fixed assets resulted into a gain of ₹ 1,02,000 and stock resulted into a loss of ₹ 22,000. On this date the goodwill of the firm was valued ₹ 3,60,000.

Pass necessary journal entries for the above transactions on reconstitution of the firm. (3)

12. Aman, Binu and Chaman were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31<sup>st</sup> March, 2018 their Balance Sheet was as follows:

**Balance Sheet of Aman, Binu and Chaman as at 31<sup>st</sup> March, 2018**

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	1,10,000	Buildings	2,20,000
General Reserve	60,000	Machinery	1,30,000
Capital:		Stock	1,10,000
Aman     3,00,000		Patents	81,000
Binu     1,50,000		Debtors	90,000
Chaman <u>1,00,000</u>	5,50,000	Cash	89,000
	7,20,000		7,20,000

Aman died on 1<sup>st</sup> October, 2018. It was agreed between his executor and remaining partners that:

- (i) Aman's share of goodwill will be ₹ 1,87,500.
- (ii) Patents will be valued at ₹ 51,000, Machinery at ₹ 1,10,000 and Building at ₹ 2,70,000.
- (iii) His share of profit in the year of death is calculated as ₹ 37,500.
- (iv) Interest on capital was to be provided @ 10% p.a.

Prepare Revaluation Account and Aman's Capital Account to be presented to his executor. (4)

18. 'Payment of capital gains tax on sale of fixed assets' will be classified under which type of activity while preparing Cash Flow Statement? (4)
19. State the primary objective of preparing Cash Flow Statement. (4)