ISC SEMESTER 2 EXAMINATION
SPECIMEN QUESTION PAPER
ACCOUNTS

Maximum marks : 40

Time allowed : One and a half hour

*(Candidates are allowed additional **10 minutes** for **only** reading the paper)*

Transactions should be recorded in the answer book.
All calculations should be shown clearly.
All working, including rough work, should be done on the same sheet as, and adjacent to, the rest of the answer.

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*All questions of **Section A** are **compulsory.***
*All questions from **either Section B or Section C** are **compulsory***

The intended marks for questions or parts of questions are given in the brackets [ ].

SECTION A – 26 MARKS
*(Answer **all** questions)*

Question 1

Select the correct option for each of the following questions.

(i) Relay Ltd. (an unlisted Non NBFC) redeems its 8,000, 10% Debentures of ₹ 100 each **[1]** in instalments as follows:

Date of Redemption	Debentures to be redeemed
31st March, 2019	2,000
31st March, 2020	5,000
31st March, 2021	1,000

On the basis of the above details, what will be the amount of Debenture Redemption Reserve which the company will transfer to General Reserve on 31st March, 2021?

(a) ₹ 20,000

(b) ₹ 50,000

(c) ₹ 10,000

(d) ₹ 80,000

(ii) Which of the following transactions is debited to Revaluation Account? **[1]**

   (a) Increase in the value of Furniture

   (b) Increase in Provision for Doubtful Debts

   (c) Creditors discharged at a discount

   (d) Loss on revaluation of all assets and reassessment of all liabilities

(iii) Orange Ltd. took over assets of ₹ 7,00,000 and liabilities of ₹ 60,000 of Purple Ltd. for a purchase consideration of ₹ 6,30,000 payable by the issue of 10% Debentures of ₹100 each at a premium of 10% and if need be, a part of the purchase consideration in cash. How will the company meet the purchase consideration? **[1]**

   (a) By the issue of ₹ 5,72,727, 10% Debentures at a premium of ₹ 57,272 with no cash.

   (b) By the issue of ₹ 5,72,000, 10% Debentures at a premium of ₹ 57,200 and cash of ₹ 800.

   (c) By the issue of ₹ 5,72,720, 10% Debentures at a premium of ₹ 57,272 and cash of ₹ 8.

   (d) By the issue of ₹ 5,72,700, 10% Debentures at a premium of ₹ 57,270 and cash of ₹ 30.

(iv) Anita and Binita are partners in a firm. Anita had taken a loan of ₹ 15,000 from the firm. How will Anita's loan be closed in the event of dissolution of the firm? **[1]**

   (a) By crediting it to Anita's Capital Account

   (b) By debiting it to Anita's Capital Account

   (c) By crediting it to Realisation Account

   (d) By debiting it to Cash Account

Question 2

(i) What is the maximum amount of debentures which an unlisted company, other than a NBFC and HFC, can redeem out of its capital? **[1]**

(ii) At the time of dissolution of a partnership firm, its Balance Sheet showed stock of ₹ 30,000 comprising easily marketable items, obsolete items and a few miscellaneous other items. These items were realized as: **[1]**

   • Easily Marketable Items: 65% of the total inventory in full.

   • Obsolete items: 20% of the total inventory had to be discarded.

   • The miscellaneous other items in the stock at 40% of their book value.

   You are required to pass the journal entry for the realisation of stock.

Question 3   **[5]**

On 1st April, 2012, Neptune Finance Company (a listed NBFC) issued 4,000, 9 % Debentures of ₹ 100 each to be redeemed at a premium of 5% on 31st March, 2021.

You are required to pass necessary journal entries for the *issue* and *redemption* of debentures.

Question 4

(i)   Suhas Ltd. issued 1,000, 7% Debentures of ₹ 100 each to be redeemed after three   **[2]**
      years at a premium of 5%. The face value of the debentures was payable as:

      ₹ 20 on Application

      ₹ 30 on Allotment (on 1st May, 2020)

      ₹ 30 on First call (on 1st October, 2020)

      ₹ 20 on Final call (on 1st January, 2021)

      All the debentures were applied and allotted.

      Ali, to whom 20 debentures were allotted, paid the allotment money and the two calls
      on 31st March, 2021. The Articles of Association of the company provided for interest
      on calls-in-arrear to be charged @ 10% per annum, which Ali paid on 31st March,
      2021.

      You are required to pass journal entries in the books of Suhas Ltd. to record:

      - **The *adjustment and receipt* of interest on calls in arrears**

      - **The entry to *close the* interest on calls in arrears account**

(ii) Naresh, Dhruv and Azeem are partners sharing profits in the ratio of 5:3:7.   **[3]**

      Naresh retires from the firm. Dhruv and Azeem decided to share profits in the ratio of
      2:3.

      The adjusted capital accounts of Dhruv and Azeem at the time of Naresh's retirement
      showed the balances of ₹ 33,000 and ₹ 70,500 respectively.

      The total amount to be paid to Naresh is ₹ 90,500 which is paid in cash immediately
      by the firm, the cash being contributed by Dhruv and Azeem in such a way that their
      capitals become proportionate to their new profit-sharing ratio and the firm maintains
      a minimum cash balance of ₹ 5,000 from its existing balance of ₹ 20,000.

      You are required to pass journal entries to record:

      - **Payment made to the retiring partner**

      - **Cash brought in by the remaining partners to pay off the retiring partner**

Question 5

(i) Ravi, Vijay and Sujay were partners sharing profits in the ratio of $^1/_2 : ^1/_3 : ^1/_6$. **[2]**

Vijay decided to retire, his share being taken up by the remaining partners in the ratio 1:4.

On Vijay's retirement, a loss of ₹ 12,000 was determined upon revaluation of assets and liabilities.

You are required to:

    (a) Calculate the new profit-sharing ratio of the remaining partners.

    (b) Pass the journal entry to write off the loss on revaluation of assets and liabilities.

(ii) On 1st April, 2017, Prasad and Company Limited issued 1,000, 10% Debentures of ₹ 1,000 each at ₹ 980. Under the terms of issue, $^1/_5$ of the debentures is annually redeemable by drawings, the first redemption occurring on 31st March, 2019. **[3]**

On 31st March, 2018, the company had a balance of ₹ 4,000 in its Capital Reserve A/c.

The company wrote off the discount on issue of debentures over the life-time of the debentures.

You are required to prepare the *Discount on issue of Debentures Account* for the *first three years*.

Question 6 **[5]**

Sita and Gita were partners sharing profits and losses in the ratio of 4:5. They dissolved their partnership on 31st March, 2021, when their Balance Sheet showed the following balances:

Particulars	(₹)
Sita's Capital	30,000
Gita's Capital	35,000
Gita's Current A/c (Dr)	2,000
Contingency Reserve	18,000
P/L A/c (Dr)	4,500

On the date of dissolution:

(i) The firm, upon realisation of assets and settlement of liabilities, made a profit of ₹ 9,000.

(ii) Gita paid the realisation expenses of ₹ 2,000.

(iii) Gita discharged the outstanding salary of the manager of the firm of ₹ 1,000 which was unrecorded in the books.

You are required to prepare the Partners' Capital Accounts.

SECTION B – 14 MARKS

*(Answer **all** questions)*

Question 7

(i) **Select the correct option in the following question:** [1]

Which one of the following analysis is considered as a dynamic analysis?

    (a) Vertical analysis

    (b) Horizontal analysis

    (c) Internal analysis

    (d) External analysis

(ii) State with reason whether old furniture written off would lead to *inflow, outflow* or *no flow of Cash and Cash Equivalents.* [1]

Question 8 [5]

From the following extracts of a company's Balance Sheets and the additional information, you are required to calculate Cash from Financing Activities for the year ending 31st March, 2021.

Particulars	31.3.2021 (₹)	31.3.2020 (₹)
Equity Share Capital	9,00,000	7,00,000
10% Preference Share Capital	3,00,000	5,00,000
Securities Premium Reserve	30,000	5,000
12% Debentures	4,00,000	3,00,000
Cash Credit	12,000	10,000

Additional information:

1. During the year 2020-21:

    (a) Dividend proposed on Equity Shares in 2019-20 of ₹ 65,000 was declared and paid.

    (b) Debentures were issued on 1st July, 2020, at a discount of 10%.

    (c) Interest on cash credit of ₹ 500 was paid.

    (d) Underwriting commission of ₹ 25,000 was paid to the underwriters.

    (e) The Equity shares were issued at a premium.

2. The 10% Preference Shares were redeemed on 31st March, 2021.

Question 9   **[2]**

You are required to prepare a Comparative Statement of Profit & Loss from the following particulars of Nishant Ltd.

Particulars	N. No.	31.03.2021 (₹)	31.03.2020 (₹)
Revenue from operations		4,00,000	3,00,000
Cost of raw materials consumed		2,00,000	1,50,000
Changes in inventories of raw materials		25,000	(12,500)

[5]

Question 10

From the following extracts of a company's Balance Sheets, and the additional information, you are required to calculate Cash from Operating Activities for the year ending 31st March, 2021.

Anjan Ltd. reported a profit of ₹ 80,000 for the year ended 31st March, 2021, after considering the following:

	Particulars	(₹)
(i)	Tax provided during the year	4,000
(ii)	Amortization of Patents	10,000
(iii)	Profit on sale of Vehicle	3,000
(iv)	Writing off Preliminary expenses	2,000

(v)   During the year, machinery costing ₹40,000 (accumulated depreciation thereon being ₹18,000) was sold for ₹6,000.

	31.03.2021 (₹)	31.03.2020 (₹)
Trade Receivable	20,000	16,000
Inventory	12,000	15,000
Cash at Bank	8,000	10,000
Trade Payable	9,000	11,000
Marketable Securities	5,000	2,000
Plant & Machinery	88,000	1,30,000

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SECTION C – 14 MARKS
*(Answer **all** questions)*

Question 11

Select and write the correct option for each of the following questions.

(i)   How is a top to bottom relationship among the items in a database established?   **[1]**

    (a)   By Hierarchical schema

    (b)   By Network schema

    (c)   By Relational Schema

    (d)   By all of the above

(ii)   Which property describes the various characteristics of an entity?   **[1]**

    (a)   ER Diagram

    (b)   Column

    (c)   Relationship

    (d)   Attribute

Question 12

Answer each of the following questions briefly:

(i)   List the models into which the development of database technology is divided.   **[2]**

(ii)   How is index hunting helpful? Give *any two* measures to achieve index hunting.   **[2]**

(iii)   Give the difference between data and information along with an example.   **[2]**

(iv)   What is meant by *Database Partitioning*?   **[2]**

Question 13   **[2]**

Give *any two* basic commands of SQL.

Question 14   **[2]**

List the components of storage manager.