INDIAN SCHOOL SOHAR **Total no of pages:8**

PRE-BOARD II EXAMINATION (2023-24)

ACCOUNTANCY (055)

Set-1

CLASS XII **MAX.MARK: 80**

Date: 07/01/2024 **TIME: 3 HOURS**

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This questions paper is divided into two parts, Part A and B.
   Part – A. Accounting for Partnership Firms and Companies. Part – B Analysis of Financial Statements
3. Questions 1 to 16 and 27 to 30 carries **1** mark each.
4. Questions 17 to 20, 31 and 32 carries **3** marks each.
5. Questions 21, 22, and 33 carries **4** marks each.
6. Questions 23 to 26 and 34 carries **6** marks each.
7. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks.**

Part -A

(Accounting of Partnership and Companies)

1. Vidit and Seema were patners in a firm sharing profits and losses in the ratio of 3:2. Their capitals were ₹ 1,20,000/- and ₹ 2,40,000/- respectively. They were entitled to interest on capitals @ 10% p.a. The firm earned a profit of ₹ 18, 000/- during the year. The interest on Vidit`s capital will be: [1]
   a) ₹ 6,000 b) ₹ 10,800
   c) ₹ 7,200 d) ₹ 12,000
2. The excess amount which the firm gets on selling its business over and above the net value is [1]
   a) Surplus b) Goodwill
   c) Super profits d) Reserve
3. WW Ltd. forfeited 200 shares of ₹ 20 each, ₹ 15 per share called up, on which ₹ 10 per share had been paid. Directors re-issued all the forfeited shares to B at ₹ 15 per share paid up for payment of ₹ 10/-each. Find out capital reserve. [1]
   a) ₹ 2000 b) ₹ 1000
   c) ₹ 2500 d) ₹ 3500

   OR [1]

   10,000 shares issued for public subscription having face value ₹ 10 at a premium of 10%. The full amount was payable on application. Applications were received for 15,000 shares and pro-rata allotment was made. Find the amount to be refunded.
   a) ₹ 55,000 b) ₹ 50,000
   c) ₹ 10,000 d) Nil
4. **Read the following statement Assertion (A) and Reason (R) choose the correct alternative from those given below.** [1]
   Assertion (A): Partners are the agents as well as principals of each other
   Reason (R) : Partnership is the relationship between two or more persons who have agreed to share profits of the business carried on by all or any of them acting for all
   a) Assertion (A) is correct but reason (R) is wrong.
   b) Both Assertion (A) and reason are correct but reason (R) is not the correct explanation of (A)
   c) Both the assertion (A) and reason (R) are incorrect
   d) Both assertion (A) and reason (R) are correct and (R) is the correct explanation of (A)
5. Anita, Sunitha and Kavita were partners in a firm sharing profits in the ratio of 3:2:1. Sunitha was guarantee profit of ₹ 2, 00,000. During the year the firm earned a profit of ₹ 84, 000. Calculate the [1]

net amount of profit or loss transferred to the capital accounts of Anita and Kavitha.

a) ₹ 87000 b) ₹ 29,000
c) ₹ 25,000 d) ₹ 75,000

OR

At the time of dissolution of a firm creditors are ₹ 70, 000; Firm`s capital is ₹ 1, 20,000. Cash balance is ₹ 10,000. Other assets realised ₹ 1, 50,000. Gain/loss in the realisation account will be:

a) ₹ 30,000 (gain) b) ₹ 40,000 (gain)
c) ₹ 40,000 (loss) d) ₹ 30,000 (loss)

6. What is the maximum discount limit on issue of debenture as per law? [1]

a) 6% b) 10%
c) Not fixed d) 15%

7. The directors of Axim Ltd. forfeited 20,000 equity shares of ₹ 10 each, ₹ 8 per share called up for non-payment of first call of ₹ 2 per share. Final call of ₹ 2 per share has not been yet called. Half of the forfeited shares were re-issued as fully paid up for ₹ 15 per share. The amount transferred to capital reserve will be: [1]

a) ₹ 60,000 b) ₹ 40,000
c) ₹ 1,20,000 d) ₹ 2,00,000

8. Dev, a partner withdrew ₹ 6,000 in the beginning of each quarter and interest on drawings was calculated as ₹ 1, 500/- at the end of the accounting year 31st March, 2022. What is the rate of interest on drawings charged? [1]

a) 8% b) 9%
c) 10% d) 5%

OR

Interest on Arjun`s drawings for the year is ₹ 6000. He withdrew fixed amount in each quarter for year ended 31st March, 2022. Interest on drawings is charged @10% p.a. His quarterly drawing is.

a) ₹ 25000 b) ₹ 20,000
c) ₹ 30,000 d) ₹ 35,000

Question number 9 to 10 is based on the given text. Read the text carefully and answer the questions.

Rana and Amit were partners sharing profit and losses in the ratio of 3:2 with effect from 1st April, 2023. They decided to share future profits equally. The goodwill was adjusted at the time of change in profit sharing ratio between partner

9. State the need for treatment of goodwill on change in profit sharing ratio: [1]

a) The gaining partner is required to compensate the sacrificing partner.
b) The sacrificing partner is required to compensate the gaining partner.
c) Both the gaining partner is required to compensate the sacrificing partner and the sacrificing partner is required to compensate the gaining partner.
d) None of these.

10. Which partner`s capital account is debited at the time of adjusting goodwill through capital accounts. [1]

a) All partner`s capital account b) Sacrificing partner`s capital account
c) None of these d) Gaining partner`s capital account

11. Ashok and Ravi were partner`s in a firm sharing profits and losses in the ratio of 7:3. They admitted Chander as a new partner. The new profit sharing ratio between Ashok, Ravi and Chander will be 2:2:1. Chander brought ₹ 24, 000/- for his share of goodwill. Calculate the amount Ravi compensates to the Ashok share in the above transaction.

a) ₹ 12000 b) ₹ 24,000
c) ₹ 10,000 d) ₹ 3,600

12. A, B and C are the partners sharing profits in the ratio of their capital which was ₹ 30,000, ₹ 20,000 and ₹ 10,000 respectively. C retired from the firm and the new profit sharing between A and B was 1:2. On C`s retirement, the goodwill of the firm was valued at ₹ 30, 000. What amount of goodwill will be debited to B`s Account? [1]

a) ₹ 10,000 b) ₹ 5,000
c) ₹ 15,000 d) ₹ 12,000

OR

Sundry debtors are appearing at ₹ 2,16,000 and provision for doubtful debt at ₹ 12,000 in the balance sheet before dissolution. The sundry debtors will be transferred at which figure in realization

a) ₹ 1,16,000 b) ₹ 2,36,000
c) ₹ 2,16,000 d) ₹ 2,00,000

13 Ramesh and Suresh are partners sharing profits in the ratio of 2:1 respectively. Ramesh capital is ₹ 1,02,000 and Suresh capital is ₹ 73,000/. They admit Mahesh and agree to give him $1/5^{th}$ share in future profit. Mahesh brings ₹ 14,000/ as his share of goodwill. He agrees to contribute capital in the new profit sharing ratio. How much capital will be brought by Mahesh? [1]

a) ₹ 47,250 b) ₹ 48,000
c) ₹ 45,000 d) ₹ 43,750

14 Swathi and Surabhi are partners in a firm sharing profits in the ratio of 5:3. They admits Sanchi into the firm for $1/4^{th}$ share in profits. For the purpose of admission of Sanchi, goodwill of the firm is to be valued at 4 year`s purchase of the average super profit of last 3 years. Average profit of the last 3 years is ₹ 20, 000. Normal profit is ₹ 12, 000. From the following, adjustment of goodwill, the entry will be [1]

a) Sanchi`s Current A/c..................................Dr......................... 8,000
To Swathi`s Capital A/c 8,000

b) Sanchi`s Current A/c..................................Dr.............................. 8,000
To Swathi`s Capital A/c... 5000
To Surabhi`s Capital A/c..3,000

c) Sanchi`s Capital A/c..................................Dr...............................6,000
To Swathi`s Capital A/c...3,000
To Surabhi`s Capital A/c...3,000

d) Sanchi`s Capital A/c..................................Dr.............................. 8,000
To Swathi`s Capital A/c..3,000
To Surabhi`s Capital A/c..5,000

15 Which of the following is not a method of valuing goodwill? [1]

a) Discounted cash flow method b) Average profit method
c) Super profit method d) Capitalisation method

OR

Deferred Revenue expenditure is given in the balance sheet will be:

a) Debit to Partner`s capital/current A/c b) Debit to realistion A/c
c) Credit to partner`s capital A/c d) Credit to realisation A/c

16 Akshay and Salman are partners sharing profits and losses in the ratio of 3:2. They admit Ranbir as a partner of $1/5^{th}$ share. In between themselves, Akshay and Salman decided to share future profits and losses in the ratio of 13:7. Sacrificing Ratio of Akshay and Salman will be: [1]

a) 3:2 b) 2:3
c) 4:1 d) 1:4

17 Deepa Neeru and Shilpa were partners in firm sharing profits in the ratio of 5:3:2. Neeru retired and the new profit sharing ratio of Deepa and Shilpa was 2:3. On Neenu`s retirement, the goodwill of the firm was valued at ₹ 1, 20,000. Record necessary journal entry for the treatment of goodwill on Neenu`s retirement. [3]

[3]

18 Amrit Daily Needs acquired the business of Shri Shivam for a purchase consideration of ₹ 5,00,000 payable by issuing 10% debentures of nominal value of ₹ 100 each at a discount of 10%. The assets acquired and liabilities taken over are as follows. Pass necessary journal entries.

Assets	Amount (₹)	Liabilities	Amount(₹)
Furniture	10,000	Creditors	5,20,000
Inventory	7,50,000	Salaries payable	75,000
Debtors	1,50,000	Outstanding expenses	15,000

19 Ram, Manu and Hari were partners in a firm. Hari died on 30th June, 2022. His share of profit from the closure of the last accounting year till the date of death was to be calculated on the basis of the average of three completed financial years of profits before death. Profits for the years ended 31st March 2020, 2021 and 2022 were ₹ 1,10,000; ₹ 1,20,000; ₹ 1,30,000 respectively. Calculate Hari`s share of profit till the date of his death and pass necessary Journal entry for the same. [3]

20 Capitals of Kajal, Neerav and Alisha as on 1st April, 2021 amounted to ₹ 3,30,000, ₹ 6,60,000 and ₹ 9,90,000 respectively. Profit of ₹ 1,80,000 for the year ended 31st March, 2022 was distributed in the ratio of 4:1:1 after allowing interest on capital @10% p.a. During the year, each partner withdrew ₹ 3,60,000. The partnership deed was silent as to profit sharing ratio but provided for interest on capital @12%. Pass necessary adjustment entry showing your workings clearly. [3]

21 What journal entries would be passed for discharge of following unrecorded liabilities on the dissolution of a firm of partners A and B: [4]

I. There was a contingent liability in respect of bills discounted but not matured of ₹ 18500. An acceptor of one bill of ₹ 2,500 become insolvent and fifty paisa in a rupee was recovered. The liability of the firm on account of this bill discounted and dishonored has not so far been recorded.

II. There was a contingent liability in respect of a claim for damages for ₹ 75000, such liability was settled for ₹ 50,000 and paid by the partner A.

III. Firm will have to pay ₹ 10,000 as compensation to an injured employee, which was a contingent liability not accepted by the firm.

IV. ₹ 5,000 for damages claimed by a customer has been disputed by the firm. It was settled at 70% by a compromise between the customer and the firm.

22 Lenovo Ltd. has authorised share capital of ₹ 1,00,00,000 divided into 1,00,000 equity shares of ₹ 100 each. It has existing issued and paid up capital of ₹ 25,00,000. It further issued to public 25,000 equity shares at a premium of 20% for subscription payable as under. [4]

- On Application ₹ 30
- On Allotment ₹ 60
- On Call balance amount.

The issue was fully subscribed and allotment was made to all the applicants. The company did not make the call during the year. Show "Share Capital" in the balance sheet of the company.

23 Nitro Paints Ltd. invited applications for issuing 1,60,000 shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows: [6]

- On Application ₹ 6 per share (including premium ₹ 1)
- On Allotment ₹ 3 per share (including premium ₹ 1) and
- The balance On first and final call

Applications for 1,80,000 shares were received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Over payment received on application was adjusted towards sum due on allotment. All calls were made and were duly received except allotment and final call from Adhitya who was allotted 3,200 shares. His shares were forfeited. Half of the forfeited shares were re-issued for ₹ 43, 000 as fully paid up.

OR

Pass journal entries for forfeiture and re-issue in both the following cases:

a) Telecom Ltd. issued 20,000 equity share of ₹ 10 each at a premium of ₹ 5 per share, payable as ₹ 7 (including premium) on application, ₹ 5 on allotment and the balance after three months of allotment. A shareholder to whom 200 shares were allotted were failed to pay the allotment and call money and his shares were forfeited. 160 of the forfeited shares were re - issued for ₹ 43, 000 as fully paid up.

b) X Ltd. forfeited 100 shares of ₹ 10 each (₹ 8 called-up) issued at a premium of ₹ 2 per share to Rahul on which he had paid application money of ₹ 5 per share, for non-payment of allotment money of ₹ 5 per share (including premium). Out of these, 70 shares were re- issued to a share holder Mr. Sanjay as ₹ 8 called up for ₹ 7 per share. Give necessary journal entries relating to forfeiture and re-issue of shares.

24 Pass the necessary journal entries relating to the issue of the debentures for the following. [6]

I. Issued ₹ 30, 000; 10% debentures of ₹ 100 each at a premium of 10% and redeemable at a premium of 15%.

II. On 1st April, 2018 Sakshi Ltd. issued 1000, 11% debentures of ₹ 100 each at a discount of 6%, redeemable at a premium of 5% after three years.

III. Issue 10,000; 12% debentures of ₹ 50 each at a premium of 10% and redeemable at par.

25 Shirish, Hari and Asha were partners in a firm sharing profits in the ratio of 5:4:1. Shirish died on 30th June, 2023. On this date their balance sheet was as follows: [6]

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital Accounts			Plant	5,60,000
Shirish	1,00,000		Stock	90,000
Hari	2,00,000		Debtors	10,000
Asha	3,00,000	6,00,000	Cash	40,000
Profits for the year(2022-2023)		80,000		
Reserves		10,000		
Bills payable		10,000		
Total		**7,00,000**	**Total**	**7,00,000**

According to the partnership deed, in addition to 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 year`s profit. Profit for the year 2021-2022 was ₹ 60, 000.

II. Goodwill of the firm was to be valued at 2 year`s purchase of average of last two year`s profits.

Prepare Shirish`s capital account to be presented to his executor`s account.

26 X and Y are partners sharing profits in the ratio of 2:1. Their balance sheet as at 31st March, 2019 was: [6]

Liabilities	Amount(₹)	Assets	Amount(₹)
Sundry creditors	25,000	Bank	5000
General Reserve	18,000	Sundry debtors	15,000
Capitals A/c		Stock	10,000
X	75,000	Investments	8,000
Y	62,000	Printer	5,000
		Fixed assets	1,37,000
Total	**1,80,000**	**Total**	**1,80,000**

They admit Z into partnership on the same date on the following terms:

a) Z brings in ₹ 40,000 as his capital and he is given 1/4th share in the profits.
b) Z brings in ₹ 15,000 for goodwill, half of which is withdrawn by old partner.
c) Investments are valued at ₹ 10, 000. X takes over investments at this value.
d) Printer is to be depreciated by 20% and fixed assets by 10%.
e) An unrecorded stock of stationery on 31st March, 2019 is ₹ 19,000.
f) By bringing in or withdrawing cash, the capitals of X and Y are to be made proportionate of that of Z on their profit sharing basis.

Prepare Revaluation account and Partners capital accounts of the firm.

OR

N, S and G were partners in a firm sharing profits and losses in the ratio of 2:3:5. On 31st March, 2023 their balance sheet was as under:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	1,65,000	Cash	1,20,000
General Reserve	90,000	Debtors 1,35,000	
Capitals		Less provision 15,000	1,20,000
N	2,25,000	Stock	1,50,000
S	3,75,000	Machinery	4,50,000
G	4,50,000	Patents	90,000
		Building	3,00,000
		Profit and Loss	75,000
Total	**13,05,000**	**Total**	**13,05,000**

G retired on the above date and it was agreed that:

a) Debtors of ₹ 6,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
b) Patents will be completely written off.
c) Stock, machinery and building will be depreciated by 5%.
d) An unrecorded creditor of ₹ 30, 000 will be considered.
e) N and S will share the future profits in 2:3 ratio.
f) Goodwill of the firm on G`s retirement was valued at ₹ 90,000. Prepare Revaluation account and Partner`s capital account.

PART B

(Analysis of Financial Statements)

27 Which of the following item is not added or deducted while preparing a cash flow statement? [1]

a) Dividend Received
b) Bonus shares issued
c) Dividend paid
d) Purchase of goodwill

OR

Buy-back of own shares is shown in the cash flow statement as:

a) Extra ordinary item under cash flow from operating activities as outflow
b) Extra ordinary item under cash flow from investing activities as outflow
c) Extra ordinary item under cash flow from financing activities as outflow
d) An ordinary activity, adjustment will not be made.

28 Credit revenue from operations of Star Ltd. is ₹ 5,20,000. Closing trade receivables are ₹ 80, 000 and opening trade receivables are 3/4th of closing trade receivables. Trade receivables turnover ratio of Star Ltd. will be. [1]

a) 4 times
b) 4.25 times
c) 7.43 times
d) 4.75 times

29 Which of the following is not a limitation of financial statement analyses? [1]

a) Qualitative aspect is ignored
b) To assess the financial position
c) Historical analyses not possible
d) Ignores price level changes

30 A company has declared interim dividend during the years ended 31st March 2022 and 2023 of ₹ 75,000 and ₹ 100,000 respectively. While preparing the cash flow from operating activities for the year ended 31st March 2023, amount added to net profit before tax and extra ordinary activities will be.................................. [1]

a) ₹ 1,75,000
b) ₹ 75,000
c) ₹ 1,00,000
d) ₹ 25,000

31 Classify the following items under major heads and subheads (if any) in the balance sheet of a Company as per schedule III of the companies Act, 2013. [3]

- Current maturities of long-term debts
- Furniture and Fixtures

- Provision for warranties
- Income received in advance
- Capital advances
- Advances recoverable in cash within the operation cycle.

32 Determine return on investment and net assets turnover ratio from the following information: [3]

- Profits after Tax were ₹ 6, 00,000.
- Tax rate was 40%
- 15% debentures were of ₹ 20,00,000
- 10% Bank loan was ₹ 20,00,000
- 12% Preference share capital ₹ 30,00,000
- Equity share capital ₹ 40,00,000
- Reserves and surplus ₹ 10,00,000
- Sales ₹ 3,75,000
- Sales return ₹ 15,00,000

OR

Calculate return from investment of Sharma Ltd. from the following information:

- Profit after interest and tax ₹ 2,00,000
- Current assets ₹ 8,00,000
- Current liabilities ₹ 4,00,000
- Fixed assets ₹ 12,00,000
- 10% long term debt ₹ 8,00,000
- Tax rate 20%

33 From the following information prepare a comparative income statement of Vinod Ltd. [4]

Particulars	**31st March 2023(₹)**	**31st March 2022(₹)**
Revenue from operations	300% of cost of material consumed	200% of cost of material consumed
Cost of material	12,00,000	6,00,000
Other expenses	20% of cost of material consumed	20% of cost of material consumed
Tax	50%	50%

OR

From the following information prepare a common size income statement of Vinod Ltd.

Particulars	**31st March 2023(₹)**	**31st March 2022(₹)**
Revenue from	24,00,000	18,00,000
operations	15%	25%
Cost of material	60%	50%
Other expenses	40%	40%
Tax		

34 Prepare a cash flow statement from the following balance sheet [6]

Particulars	**Note no**	**31.03.2023 (₹)**	**31.03.2022 (₹)**
1. EQUITY AND LIABILITIES:			
1. Shareholder`s Funds:			
a) Share capital		6,30,000	5,60,000
b) Reserves & Surplus		3,08,000	1,82,000
2. Current liabilities:			
a) Bank Overdraft		50,000	40,000
b) Trade payables		2,80,000	1,82,000
c) Short term provision (tax)		32,000	26,000
TOTAL		**13,00,000**	**9,90,000**

II. ASSETS:			
1. Non current assets:			
a) Property, equipment plant &intangible asset:			
• Tangible –plant &machinery		3,92,000	2,80,000
• Intangible (Patents)		48,000	16,000
2. Non current Investment		14,000	20,000
3. Current Assets:			
• **Current investments**		20,000	30,000
• **Inventory**		98,000	1,40,000
• **Trade receivables**		6,30,000	4,20,000
• **Cash and cash equivalents**		98,000	84,000
TOTAL		**13,00,000**	**9,90,000**

Additional information:

a) An old machinery having book value of ₹ 42,000 was sold for ₹ 56,000.
b) Depreciation provided on machinery during the year was ₹ 28,000.
c) Dividend paid by the company during the year ₹ 60,000.
d) Interest on bank overdraft was ₹ 4,000.