INDIAN SCHOOL SOHAR

PRE-BOARD II EXAMINATION (2023-24)

ACCOUNTANCY (055) Total no of pages:8

Set-II

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 for Partnership Firms and Companies

1 Jannath and John were partners in a firm. During the year 2022-23, Jyothi was admitted as a new partner on Jan 1, 2023. The partnership deed provided that interest on drawings will be charged @12% p.a. Jyothi withdrew ₹ 5000 at the beginning of every month. Time was used for the calculation of interest on drawings at the end of financial year was. [1]

a) 2 months b) 6.5 months
c) 1.5 months d) 3 months

2 A and B are partners in a firm sharing profits and losses in the ratio of 3:2. On 1st April, 2022 the balances of their capital accounts were ₹ 30, 000 and ₹ 50, 000 respectively. The partnership deed provided that interest on Partner`s capital will be allowed @ 10% p.a. During the year ended 31st March, 2023 the firm earned a profit of ₹ 5000. What was the amount of A`s share of profit: [1]

a) ₹ 3000 b) ₹ 9,000
c) ₹ 6,000 d) None of these

3 **Read the following statement Assertion (A) and Reason (R) choose the correct alternative from those given below:** [1]

Assertion (A): Adhith, a partner in the firm gave a loan of ₹ 50, 000 to the firm without an agreement to rate of interest. Interest on loan by Adith is to be allowed @ 6% p.a.

Reason (R): In the absence of partnership deed, provisions of partnership act 1932, apply. Thus interest on a loan to a partner should be charged @ 6% p.a.

a) Both A and R are correct, and R is the correct explanation of A.
b) Both A and R are correct, but R is not the correct explanation of A.
c) A is correct but R is incorrect.
d) A is incorrect but R is correct.

OR

Pick the odd one out:

a) Interest on partner`s capital b) Share of profit of the partner
c) Drawings made by the partner d) Salary of the partner

4 A, B C and D were partners in firm sharing Profits or loss in the ratio of A and B in 3:2. B and C in 3:2 and C and D in 4:3. The profit sharing ratio among A:B:C:D was: [1]

a) 3:2:3:3 b) 9:6:4:3
c) 6:9:3:3 d) 9:4:4:3

OR

A B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 01.04.2023, they agreed to share profits and losses equally. Due to change in the profit sharing ratio

B`s gain or sacrifice will be:

a) Gain 1/30
b) Sacrifice1/30
c) Gain 5/30
d) Sacrifice 4/30

5 Capital employed of a partnership firm was ₹ 10,00,000. It`s average profit was ₹ 1,20,000. The normal rate of return in similar type of business was 10%. What is the amount of super profit? [1]

a) ₹ 12,000
b) ₹ 20,000
c) ₹ 1,00,000
d) ₹ 1,12,000

6 X and Y were partners sharing profits in the ratio of 4:3. Z was admitted for 1/5th share and he brought in ₹ 1,40,000 as his share of goodwill in cash of which ₹ 1,20,000 was credited to X and the remaining amount to Y. New profit sharing ratio will be: [1]

a) 4:3:5
b) 2:2:1
c) 1:2:2
d) 2:1:2

OR

A and B were partners sharing profits and losses in the ratio of 5:3. On admission, C brought ₹ 70,000 as capital and ₹ 43,000 against goodwill. New profit sharing ratio of A, B and C was 7:5:4. The sacrificing ratio of A and B.

a) 3:1
b) 1:3
c) 4:5
d) 5:9

7 A, B and C were partners sharing profit and loss in the ratio of 4:3:1. B retired and gave his share of profit to A ₹ 3600 and C ₹ 4500. What will the new profit sharing ratio of A and C? [1]

a) 4:5
b) 2:1
c) 68:48
d) 4:1

8 Gnesh, Venit and Amith were partners in a firm sharing profit and losses in the ratio 2:3:1. Venit retired and the balance in the capital account after making necessary adjustments on account of reserves, revaluation of assets and reassessment of liabilities was ₹ 1, 20,000. The goodwill was valued by ₹ 3, 60,000. Ganesh and Venit agreed to pay him ………………in full settlement of his claim. [1]

a) ₹ 1,20,000
b) ₹ 2,40,000
c) ₹ 3,00,000
d) ₹ 4,80,000

9 A, S and R are partners sharing profits in the ratio of 7:5:4. R died on 30th June 2019, and profits for the year 2018-2019 were ₹ 12,000. How many shares in profits for the period 1st April 2019 to 30th June, 2019 will be credited to R`s Account: [1]

a) ₹ 750
b) ₹ 5000
c) ₹ 7000
d) Nil

10 Esha, Yash and Zack are partners sharing profits and losses in the ratio of 7:5:4. On 30th June, 2019 Zack died and profit for the year ending 31st March 2020 were ₹ 24, 00,000. How many shares in profits for the period 1st April to 30th June, 2019 will be credited to Zack`s account, assuming that profit incurred evenly throughout the year . [1]

a) ₹ 6,00,000
b) ₹ 1,50,000
c) ₹ 2,00,000
d) Nil

11 **Read the following statement Assertion (A) and Reason (R) choose the correct alternative from those given below:** [1]

Assertion (A): Calls in advance is shown under the head "Current Liabilities", as subhead "Other current liabilities".

Reason (R): Calls in advance on shares is added to the amount of paid up share capital in the Company`s balance sheet.

a) Both assertion and reason are true and reason is correct explanation of assertion.
b) Assertion and reason both are true but reason is not the correct explanation of assertion.
c) Assertion is true, reason is false.
d) Assertion is false, reason is true.

OR

Which of the following is proper head of balance of "Share Capital"

a) Paid up capital b) Issued capital

c) Subscribed capital d) Called up capital

12 Daisy Ltd. forfeited 200 shares ₹ 10 each who had applied for 500 shares, issued at a premium of 10% for non-payment of final call of ₹ 3 per share. Out of these 100 shares were re-issued as fully paid up for ₹ 15. The profit on re-issue is: [1]

a) ₹ 700 b) ₹ 6400

c) ₹ 300 d) ₹ 400

13 E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis, application money on another 6000 shares were refunded. The amount was payable on the application was ₹ 2. Sitaram applied for 420 shares. The number of shares allotted to him were: [1]

a) 600 shares b) 340 shares

c) 320 shares d) 300 shares

14 Rose water Ltd. forfeited 4,000 shares of ₹ 20 each. They were forfeited for the non-payment of first call of ₹ 10 per share with the forfeited amount of ₹ 20, 000. The minimum amount per share at which these shares can be re-issued will be: [1]

a) ₹ 12 b) ₹ 14

c) ₹ 10 d) ₹ 8

15 Premium on redemption of debenture account is a ....of a company payable after 3 years at the time of redemption. This account is shown under the subhead of balance sheet by the name of................. [1]

a) Liability and other long term liabilities b) Liabilities and non-current liabilities

c) Written off and long term provisions d) Written off and other long term borrowing

OR

When the debentures are issued at premium debenture account is shown by the amount of.......................

a) Nominal Value b) Net amount received

c) Face value +premium d) None of the above

16 When the debentures issued at discount. Amount of discount is recorded as: [1]

a) Revenue loss b) Capital loss

c) As a written off d) Either (a) or (b)

17 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. [3]

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

18 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]

19 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 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]

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 Lenovo Max 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.

22 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.

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

25 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	Cash/Bank	5,000
General Reserve	18,000	Sundry debtors	15,000
Capital Accounts		Stock	10,000
X	75,000	Investments	8,000
Y	62,000	Printer	5,000
		Fixed Assets	1,37,00
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 Less provision 15,000	1,20,000
Capitals N	2,25,000	Stock	1,50,000
S	3,75,000	Machinery	4,50,000
G	4,50,000	Patents	90,000
		Buildings	3,00,000
		Profit and loss account	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 and stock, machinery, building depreciated by 5%.
c. An unrecorded creditor of ₹ 30, 000 will be considered.
d. N and S will share the future profits in 2:3 ratio.
e. Goodwill of the firm on G`s retirement was valued at ₹ 90, 000.

Prepare Revaluation account and Partner`s capital account.

26 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 Sirish	1,00,000	Plant	5,60,000
Hari	2,00,000	Stock	90,000
Asha	3,00,000	Debtors	10,000
Profits for the year (2022-2023)	80,000	Cash	40,000
Reserves	10,000		
Bills payable	10,000		
Total	**7,00,000**	**Total**	**7,00,000**

According to 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 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.

PART-B

Analyses of Financial Statement

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) Extraordinary 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 Which of the following is not a limitation of financial statement analysis? [1]

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

29 Credit revenue from operations of Star Ltd.is ₹ 5,20,000. Closing trade receivables are ₹ 80,000 and opening trade receivables are $3/4^{th}$ 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

30 A company has declared interim dividend during the years ended 31^{st} March 2022 and 2023 of ₹ 75,000 and ₹ 100,000 respectively. While preparing the cash flow from operating activities for the year ended 31^{st} 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

OR

State Bank of India issued ₹ 10,00,000, 6% debentures of ₹ 100 each .The amount received will be

a) Operating activities
b) Investing activities
c) Financing activities
d) Cash and cash equivalents

31 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%

32 Classify the following items under major heads and subheads (if any) in the balance sheet of a [3]

Company as per schedule III of the Companies Act, 2013.

- 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

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 consumed	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 operations	24,00,000	18,00,000
Other incomes	15%	25%
Other expenses	60%	50%
Tax	40%	40%

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

Particulars	Note no	31.03.2023 (₹)	31.03.2022 (₹)
I.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
I. 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		**13,30,000**	**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.