COMMON PRE-BOARD EXAMINATION 2022-23

Subject: ACCOUNTANCY (055)

Date: Duration: 3 Hours

TOTAL MARKS: 80

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Part - **A is compulsory for all candidates**.
4. Part - B has two options i.e. **(i) Analysis of Financial Statements and (ii) Computerised Accounting**. Students must attempt only one of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31and 32 carries 3 marks each.
7. Questions from 21 ,22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. 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. Mr.Viraj and Mr. Prithvi are involved in a partnership business since last 8 years with 4:3 ratio. They decided to admit a new partner Ms.Vamika and it is also decided that Mr. Prithvi and Ms.Vamika will continue with the same profit sharing ratio which is existing between Mr. Viraj and Mr. Prithvi. Find the New Ratio after Ms.Vamika's admission.

   a) 1:1:1

   b) 4:3:2

   c) 16:12:9

   d) 12:9:7 (1)

2. Read the following statements – Assertion (A) and Reason (R).

Assertion(A):'Drawings against profit 'is debited to Drawings account.

Reason(R): It is not considered while calculating interest on capital.

Choose one of the Correct alternatives given below:

a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b) Both Assertion (A) and Reason (R) are true and Reason (R) is NOT the correct Explanation of Assertion (A).
c) Assertion (A) is true but Reason (R) is false.
d) Assertion (A) is false but Reason (R) is true. (1)

3. As per SEBI guidelines, the amount payable on application on each share must be at least-

a) 5% of nominal amount of share

b) 25% of the nominal amount of share

c) 25% of the called amount of share

d) 5% of the called amount of share

Or

Debentures which are transferred by mere delivery are called:

a) Registered Debentures

b) First Debentures

c) Bearer Debentures

d) Unsecured Debentures (1)

4. Malavika and Iqbal are partners, at the time of reconstitution of partnership firm, following information was found:

Balance Sheet (Extract)

Liabilities	Amount	Assets	Amount
		Machinery Stock	3,50,000 60,000

Stock was revalued at ₹70,000 and Market value of Machinery was ₹4,00,000 (not to be considered).
Gain/Loss on Revaluation to be transferred to Malavika's Capital Account is:

a) Malavika's Capital A/c Dr. ₹5,000
b) Malavika's Capital A/c Cr. ₹5,000
c) Malavika's Capital A/c Dr. ₹30,000
d) Malavika's Capital A/c Cr. ₹30,000

(1)

5. X and Y are partners sharing profits and Losses in the ratio of 3:2 having fixed capitals of ₹1,50,000 and ₹2,00,000 respectively. The partnership deed provides for interest on capital @8% p.a. The Net Profit of the firm during 2021-2022 was ₹21,000. In what ratio the appropriation of profit will be made?

a) 3:2

b) 1:1

c) 3:4

d) 4:3

(1)

6. On 1.4.2021, a company issues ₹15,00,000, 9% debentures at a discount of 10% redeemable at a premium of 5%. On 31st march, 2022, Security premium reserve exists at ₹60,000. The amount by which Statement of Profit and Loss will be debited is…………

a) ₹1,50,000

b) ₹15,000

c) ₹90,000

d) ₹1,65,000

Or

Z Ltd. Issued 10,000 9% debentures of ₹100 each at a discount of 5% redeemable at the end of three year at premium of 5%. For what amount 'Loss on issue of Debenture account' will be debited.

a) ₹ 50,000

b) ₹ 90,000

c) ₹ 1,00,000

d) ₹ 1,50,000

(1)

7. VIP Ltd. Forfeited 300 shares of ₹10 each of Mr. Vishnu, due to the non-payment of first call money of ₹2 per share. The company didn't call up the final call of ₹2 per share. These shares were reissued immediately after the first call. What will be the minimum price at which these shares can be reissued?

a) ₹10 per share
b) ₹ 8 per share
c) ₹ 2 per share
d) ₹ 4 per share (1)

8. Which of the following is /are true with regards to Partnership:

(i) The written agreement among the partners is known as Partnership Deed.

(ii) The Central Govt. has prescribed maximum number of partners in a partnership firm to be 100 vide Rule 10 of Companies (Misc.) Rules, 2014.

(iii) Interest on Drawings is charged @ 6% in case of absence of Partnership Deed.

Options:

(a) Only (ii)

(b) (i) and (iii)

(c) Only (i)

(d) (ii) and (iii) (1)

Read the following hypothetical situation, Answer Question No.9 and 10

Adil, Asla and Ameen are partners of a firm with a fixed capital of ₹5,00,000, ₹4,00,000 and ₹3,00,000 respectively. Adil is paid a salary of ₹10,000 per month and Asla, a commission of 10% on Net profit. It is also provided that interest to be allowed on capital @6% p.a. Interest on drawings charged @ 5%p.a. on Adil, Asla and Ameen's drawings were ₹2,700, ₹1,800 and ₹900 respectively. Net Profit as per Profit and Loss Account for the year ending 31st March, 2022 were ₹3,33,300.

9. Commission of Asla will be debited to:

a) Asla's Capital Account
b) Profit and Loss Appropriation Account
c) Asla's Current Account
d) Revaluation Account

(1)

10. The divisible profit of the firm will be:

    a) 1,13,400
    b) 3,33,300
    c) 1,08,000
    d) 1,02,600

(1)

11. Shahina, Shorab & Sobin are partners sharing profits in the ratio of 6 : 4 : 1. Sobin is guaranteed a minimum profit of ₹20,000. The firm incurred a loss of ₹2,20,000 for the year ended 31st March, 2022. What amount of deficiency will be borne by Shahina and Shorab.

    a) ₹10,000 each.

    b) ₹20,000 each.

    c) ₹24,000 by Shahina & ₹16,000 by Shorab.

    d) ₹12,000 by Shahina & ₹ 8,000 by Shorab.

(1)

12. Devyanshi Ltd. Forfeited 8,000 shares of ₹100 each issued at a premium of 10% for the non-payment of first and final call money of ₹30 per share. The company decided to reissue these forfeited shares. The minimum reissue price of these shares will be:

    a) ₹5,60,000
    b) ₹2,40,000
    c) ₹8,00,000
    d) ₹6,40,000

(1)

13. Balance of Forfeited Shares Account after reissue of forfeited shares is transferred to:

    a) Profit & Loss A/c

    b) Capital Reserve Account

    c) General Reserve Account

    d) Forfeited Shares Account

(1)

14. Vishnu and Veena were partners sharing profits & losses equally. Their capitals were Rs.1,20,000 and Rs. 80,000 respectively. There was also a balance of Rs. 60,000 in General reserve and revaluation gain amounted to Rs. 15,000. They admit their friend Hema with 1/5 share. Hema brings Rs.90,000 as capital. Calculate the amount of goodwill of the firm.

a) Rs.1,00,000

b) Rs. 85,000

c) Rs.20,000 (1)

d) None of the above

15. A and B are partners. A draws a fixed amount at the beginning of every month. Interest on drawings is charged @8% p.a. At the end of the year interest on A's drawings amounts to ₹2,600. Monthly drawings of A were:

a) ₹ 8,000
b) ₹ 60,000
c) ₹ 7,000
d) ₹ 5,000

Or

Neha, a partner withdrew ₹ 5,000 in the beginning of each quarter and interest on drawings was calculated as ₹ 1,500 at the end of accounting year 31 March 2022. What is the rate of interest on drawings charged?

a) 6% p.a.
b) 8% p.a.
c) 10% p.a.
d) 12% p.a. (1)

16. On dissolution of a firm, its Balance Sheet revealed the following:

Total creditors ₹ 50,000; Total Capital ₹ 48,000; Cash Balance ₹ 3,000.

Its assets were realized at 12% less. Loss on realisation will be:

a) ₹6,000
b) ₹11,760
c) ₹11,400
d) ₹3,600

(1)

17. Sudeep, Naresh and Shreya were partners sharing profits in the ratio 2:2:1. On July 1, 2017 Shreya died. The books of accounts are closed on March 31 every year. Sales for the year 2016-17 amounted to ₹ 5,00,000 and that from 1st April to 30th June 2017 were ₹ 1,40,000. The rate of profit during the past three years had been 10% on sales. Since Shreya's legal representative was her only son, who is specially abled, it was decided that the profit for the purpose of settling Shreya's account is to be calculated as 20% on sales. Calculate Shreya's share of profits till the date of her death and pass necessary a journal entry for the same. (3)

18. Rehith, Wahid and Ivan are partners with capitals of ₹5,00,000, ₹2,50,000 and ₹2,00,000 respectively. After providing interest on capital @ 10% p.a. the profits are divisible as follows:

Rehith 1/2, Wahid 1/3 and Ivan 1/6. But Rehith and Wahid have guaranteed that Ivan's share in the profit shall not be less than ₹ 25,000, in any year. The net profit for the year ended March 31, 2020 is ₹ 2,00,000, before charging interest on capital.

You are required to show distribution of profit.

Or

Athul, Bhadra and Chitra were partners in a firm. On 1.4.2021 their capitals were ₹1,00,000; ₹50,000 and ₹ 50,000 respectively. As per the provisions of the partnership deed:

(i) Chitra was entitled for a salary of ₹10,000 p.a.

(ii) 46 Partners were entitled to interest on capital at 5% p.a.

(iii) Profits were to be shared in the ratio of partner's capital.

The net profit for the year 2021-22 of ₹ 66,000 was divided equally without providing for the above terms. Give an adjustment entry.

(3)

19. Varada Ltd. Purchased Computers of ₹3,00,000 and Software for ₹5,00,000 from Venkit Ltd., payable ₹80,000 by cheque and balance by issue of 7% Debentures of ₹100 each at a discount of 10%, redeemable at a premium of 10%. The company has balance in Securities Premium Reserve of ₹1,00,000. Pass necessary journal entries in the books of Varada Ltd.

Or

Y Ltd took over the assets of ₹15, 00,000 and liabilities of ₹5,00,000 P Ltd. For a purchase consideration of ₹13, 68,500. ₹25,500 were paid by issuing a promissory note in favour of P Ltd. payable after two months and the balance was paid by issue of Equity shares of ₹100 each at a premium of 25%. Pass necessary journal entries for the above transaction in the books of Y Ltd. (3)

20. Kishor, Guarav and Kabir were partners in a firm sharing profits and losses equally. The firm was engaged in the storage and distribution of canned juice and its godowns were located at three different places in the city. Each godown was being managed individually by Kishor, Guarav and Kabir. Because of increase in business activities at the godown managed by Guarav, he had devoted more time. Guarav demanded that his share in the profits of the firm be increased, to which Kishor and Kabir agreed. The new profit-sharing ratio was agreed to be 1: 2: 1. For this purpose the goodwill of the firm was valued at two years purchase of the average profits of last five years. The profits of the last five years were as follows:

Years	Profit (₹)
I	4,00,000
II	4,90,000
III	7,37,000
IV	(37,000)
V	2,10,000

You are required to:

i. Calculate the goodwill of the firm.

ii. Pass necessary Journal Entry for the treatment of goodwill on change in profit sharing ratio of Kishor, Guarav and Kabir. (3)

21. Vidyuth Ltd. is registered with an authorised capital of Rs. 10,00,00,000 divided into equity shares of Rs. 10 each. Subscribed and fully paid up capital of the company was Rs. 6,00,00,000. For providing employment to the local youth and for the development of the tribal areas of Arunachal Pradesh the company decided to set up a hydro power plant there. The company also decided to open skill development centers in Itanagar, Pasighat and Tawang. To meet its new financial requirements, the company decided to issue 1,00,000 equity shares of Rs. 10 each and 1,00,000, 9% debentures of Rs. 100 each. The debentures were redeemable after five years at par. The issue of shares and debentures was fully subscribed. A shareholder holding 2,000 shares failed to pay the final call of Rs. 2 per share. Show the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013. (4)

22. P, Q and R were partners in a firm sharing profits and losses in the ratio of 2:2:1. The firm was dissolved on 31st March, 2019. After the transfer of assets (other than cash) and external liabilities to the realization account, the following transactions took place:

(i) A debtor whose debt of Rs. 90,000 had been written off as bad, paid Rs. 88,000 in full settlement.

(ii) Creditors to whom Rs. 1, 21,000 were due to be paid, accepted stock at Rs. 71,000 and the balance was paid to them by a cheque.

(iii) Q had given a loan to the firm of Rs 18,000. He was paid Rs. 17,000 in full settlement of his loan.

(iv) Profit & loss A/c were showing a debit balance of Rs. 15,000 on the date of dissolution.

Pass necessary Journal entries for the above transactions in the books of the firm. (4)

23. AB Ltd. invited applications for issuing 75,000 equity shares of Rs. 100 each at a premium of t 30 per share. The amount was payable as follows:

On application and allotment — ₹ 85 per share; On first and final call — The balance amount.

Applications for 1,27,500 shares were received. Applications for 27,500 shares were rejected and shares were allotted on pro-rata basis to the remaining applicants. Excess money received on application and allotment was adjusted towards sums due on first and final call. The calls were made. A shareholder, who applied for 1,000 shares, failed to pay the first and final call money. His shares were forfeited. All the forfeited shares were reissued at ₹ 150 per share fully paid up. Pass necessary journal entries for the above transactions in the books of AB Ltd.

OR

i) SPP Ltd forfeited 300 shares of ₹10 each issued at a premium of ₹2 per share for the non-payment of allotment of ₹4 per share (including premium). The first and final call of ₹3 per share has not been made yet, 50% of forfeited shares were re-issued at ₹8 per share fully paid-up. Pass necessary journal entries for the forfeiture and re-issue of shares.

ii) The directors of a company forfeited 200 shares of ₹10 each issued at a premium of ₹3 per share, for the non-payment of the first call money of ₹3 per share. The final call of ₹2 per share has not been made. Half the forfeited shares were re-issued at ₹1,000 fully paid. Record necessary journal entries for the forfeiture and reissue of shares.

(6)

24. 'A' and 'B' are partners in a firm sharing profits in the ratio of 3:2. On C's admission the Balance Sheet of the firm was as follows:

Balance Sheet as on 31st March, 2022

Liabilities	₹	Assets		₹
Investment Fluctuation Fund	4,000	Cash at bank		87,000
Sundry Creditors	66,000	Plant & Machinery		70,000
Reserves	10,000	Land & Building		98,000
Capitals:		Investment (market value ₹19,000)		21,000
A- 1,50,000		Debtors	42,000	
B- 1,41,000	2,91,000	Less: Provision	(7,000)	35,000
	3,71,000			3,71,000

On the above date, C was admitted into partnership on the following terms:

(a) C was to pay ₹ 56,000 as capital and ₹ 14,000 as goodwill for 1/6th share in profits.

(b) Land and building were to be increased to ₹ 1, 20,000 and Plant and Machinery decreased by 20%. All debtors were good.

(c) Creditors included ₹ 9,800 no longer payable.

Pass journal entries to record the above transactions.

Or

The Balance Sheet of A, B and C who were sharing profits and losses in the ratio of1/2, 1/3 and 1/6 respectively was as follows as on 31st March, 2022.

Liabilities	₹	Assets	₹
Reserve Fund	9,000	Cash	4,100
Sundry Creditors	12,600	Investment	10,000
Provident fund	3,000	Debtors	29,000
Capitals:		Stock	25,000
A	40,000	Patent	5,000
B	36,500	Plant & Machinery	48,000
C	20,000		
	1,21,000		1,21,000

C retired from business on 1st April, 2022 and his share in the firm was to be ascertained on the revaluation of assets as follows.

a) The goodwill of the firm was valued at ₹ 27,000.

b) Depreciation to be provided @10 % on machinery.

c) Patents were to be reduced by 20%.

d) Liability on account of provident fund was admitted at ₹ 2,400.

e) C took over investments at ₹ 15,800.

Prepare Revaluation A/c and Partners capital A/c. (6)

25. Vijay, Ajith and Vivek are partners in a business, sharing profit as 3/4, 1/8 and 1/8 respectively and their Balance Sheet as at 31st March, 2021 was:

Liabilities	₹	Assets	₹
General Reserve	50,000	Cash	50,000
Sundry Creditors	2,50,000	Bank	2,50,000
Vivek's Loan	50,000	Debtors	4,00,000
Capitals:		Stock	2,00,000
Vijay	5,00,000	Plant & Machinery	5,00,000
Ajith	3,00,000		
Vivek	2,50,000		
	14,00,000		14,00,000

Vivek died on 31st December, 2021 and the Partnership Deed provided the following:

(a) The deceased partner will be entitled to his share of profits up to the date of death, calculated on the basis of previous year's profits.

(b) He will be entitled to his share of goodwill of the firm, calculated on the basis of three years' purchase of the average profits of the four years. The net profits for the last four years ended 31st March, 2017 – ₹8,00,000; 2018 – ₹6,00,000; 2019 – ₹4,00,000 and 2020 – ₹2,00,000.

(c) His drawing up to the date of death was ₹18,000.

Determine the amount payable to the legal representatives of the deceased partner by preparing deceased partner's capital account. Show your workings clearly. (6)

26. During the year ended 31^{st} March, 2020, Ekalavya Ltd. Issued 10% Debentures of ₹100 each as per the details given below:

i) 1000 Debentures issued as collateral security to State Bank of India, against a loan of ₹80 000.

ii) The underwriters were to be paid a commission of ₹48 000. 25% of the amount was payable to them in cash and the balance was paid by the issue of Debentures at a discount of 10% redeemable at par.

iii) A machinery was purchased for ₹218 500. The vendor was paid by the issue of Debentures at a premium of 15% to be redeemed at par.

iv) 5000 Debentures were issued to the public at 5% premium, to be redeemed at a premium of 5%.

The company wrote off all capital losses arising from the issue of Debentures at the end of the year from its capital profits and if need be, from its revenue profits. (6)

Part B: Analysis of Financial Statements

(Option – I)

27. Revenue from Operations ₹ 4,00,000; Cost of Revenue from Operations 60% of Revenue from Operations; Operating expenses ₹ 30,000 and rate of income tax is 40%. What will be the amount of profit after tax?

a) ₹ 64,000

b) ₹ 78,000

c) ₹ 52,000

d) ₹ 96,000

Or

Name two accounting ratios which are complementary to each other:

a) Current ratio and Quick ratio

b) Operating ratio and operating profit ratio

c) Gross profit ratio and Net Profit ratio

d) All of these (1)

28. Given that:

Opening inventory ₹ 1,20,000

Purchases ₹ 9,00,000

Return Outward ₹ 40,000 and

the closing inventory is 20,000 less than opening inventory, then, Inventory Turnover Ratio is:

a) 5 times

b) 7 times

c) 8 times

d) 10 times (1)

29.

X Ltd.
Balance Sheet (Extract)

	31-3-2021 (₹)	31-3-2022 (₹)
Equity and liabilities: I. Non-Current Liabilities: 1. Long Term Borrowings: 10% Debentures	2,00,000	1,60,000

Additional Information:

Interest on debentures is paid on half yearly basis on 30th September and 31st March each year. Debentures were redeemed on 30th September, 2021. How much amount (related to above information) will be shown in Financing Activity for Cash Flow Statement of X Ltd. prepared on 31st March, 2022?

a) Outflow ₹ 40,000.

b) Inflow ₹ 42,000.

c) Outflow ₹ 58,000.

d) Outflow ₹ 64,000.

Or

Proposed dividend is a:

a) Current Liability

b) Non-Current Liability

c) Contingent Liability

d) Other Current Liability

(1)

30. An investment normally qualifies as Cash Equivalents only when from the date of acquisition, it has a maturity period of:

a) 1 month or less

b) 3 months or less

c) 3 months or more

d) 1 year or less

(1)

31. How the following items will appear in the balance sheet of a company as per Part I, (Revised) Schedule III of the Companies Act 2013:

1. Forfeited shares
2. Statement of Profit and Loss (Cr.)
3. Capital Work-in-progress
4. Provision for Taxation
5. Live stock
6. Calls-in-advance

(3)

32. State giving reasons, which of the following transactions would increase, decrease or not change the Stock Turnover Ratio.

(a) Sale of goods for ₹ 25,000 (costing ₹ 20,000)

(b) Increase in the value of closing stock by ₹ 12,000

(c) Goods purchased for ₹ 50,000.

(d) Purchase Return amounting to ₹ 5,000

(e) Goods costing ₹ 15,000 distributed as free samples.

(f) Goods costing ₹ 5,000 withdrawn for personal use. (3)

33. Net Profit after interest and tax of M Ltd. was ₹1,00,000. Its Current Asset were ₹4,00,000 and Current Liabilities were ₹ 2,00,000. Tax rate was 50%. Its Total Assets were ₹10,00,000 and 10% Long term debt was ₹4,00,000.

Calculate Return on Investment and Interest Coverage Ratio.

(4)

34. From the following Balance Sheet of Sabari Ltd. Prepare cash flow Statement:

Balance Sheet of Sabari Ltd. as at 31.03.2022

Particulars	**Note No.**	**2022** ₹	**2021** ₹
I) Equity and Liabilities			
1. Shareholders' Funds			
a. Equity share capital		3,00,000	2,00,000
b. Reserves and surplus		2,00,000	1,60,000
2. Non-current liabilities			
Long term borrowings	1	80,000	1,00,000
3. Current Liabilities			
a. Trade payables		1,20,000	1,40,000
b. Short term provisions	2	70,000	60,000
Total		**7,70,000**	**6,60,000**
II. Assets			
1.Non-current Assets			
Fixed Assets	3	5,00,000	3,20,000
2. Current Assets			
a. Inventories		1,50,000	1,30,000
b. Trade receivables	4	90,000	1,20,000
c. Cash and cash equivalents	5	30,000	90,000
Total		**7,70,000**	**6,60,000**

Notes to accounts:

Note No.	Particulars	2022 ₹	2021 ₹
1	Long term borrowings		
	Bank loan	80,000	1,00,000
2	Short term provisions		
	Proposed dividend	70,000	60,000
3	Fixed Assets		
	Machinery (Accumulated depreciation) Net fixed assets	6,00,000 (1,00,000) 5,00,000	4,00,000 (80,000) 3,20,000
4	Trade receivables		
	Debtors	60,000	1,00,000
	Bills receivables	30,000	20,000
5	Cash and cash equivalents		
	Bank	30,000	90,000

Additional information:

1. Machine costing ₹ 80,000 on which accumulated depreciation was₹. 50,000 was sold for ₹20,000