

COMMON PRE-BOARD EXAMINATION-2023
ACCOUNTANCY (055)
CLASS XII

TIME 3 HOURS

MAX. 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, 31 and 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. Hema & Seema were Partners in a firm sharing profits in the ratio of 3:1. Their Capitals were ₹4,00,000 and ₹1,00,000 respectively. They Admitted Dimple on 1st April 2021 for $\frac{1}{5}$ th share in future profits. Dimple brought ₹2,00,000 as her capital. The Dimple's share of goodwill is **1**
 - (a) ₹50,000
 - (b) ₹60,000
 - (c) ₹1,00,000
 - (d) None of the Above
2. **Assertion (A):** On dissolution, goodwill account is transferred to Realisation a/c. **1**
Reason (R): Goodwill is an Asset which cannot be seen or touched.
 In the context of above two statements, which of the following is correct?
 - (a) (A) is correct but (R) is wrong
 - (b) Both (A) and (R) are correct, but (R) is not the correct explanation of (A)
 - (c) Both (A) and (R) are incorrect.
 - (d) Both (A) and (R) are correct, and (R) is the correct explanation of (A)
3. X Ltd forfeited 1,000 shares of ₹10 each for non-payment of final call of ₹4 each. After the reissue of these shares ₹1,500 were transferred to capital reserve. Shares were reissued for Rs. ____ **1**
 - (a) ₹4,500
 - (b) ₹6,000
 - (c) ₹5,500
 - (d) ₹8,500

OR

When debentures are issued at discount and are redeemable at a premium which one of the following accounts is debited at the time of issue?

- (a) Debentures account
- (b) Premium on redemption of debentures account
- (c) Loss on issue of debentures account
- (d) None of these

4. Sun, Moon and Star are partners sharing profits in the ratio of 5:3:2. With effect from 1st July 2020, they agreed to share future profits 2:3:5. They decided to record the following with affecting the values. Profit & Loss A/c (Cr.) ₹24,000 Advertisement Suspense A/c ₹12,000. What is the impact of the above adjustments on Moon? 1

- (a) No effect on Moon
- (b) Moon debit by ₹ 3,600
- (c) Moon credit by ₹ 3,600
- (d) Moon debit by ₹ 12,000

OR

X, Y and Z are partners sharing profits and losses in the ratio 5: 3: 2. They decided to share the future profits in the ratio 3: 2: 1. Workmen Compensation Reserve is appearing in the balance sheet on the date. if no information is available for the same will be:

- (a) Distributed to the partners in old profit-sharing ratio
- (b) Distributed to the partners in new profit-sharing ratio
- (c) Distributed to the partners in capital ratio
- (d) Carried forward to new balance sheet without any adjustment

5. Ram and Shyam are partners sharing profits and losses equally. Financial Statements are prepared for the year ended 31st March, 2021, which shows a profit of ₹1,50,000 before allowing interest on a loan of ₹50,000 from Shyam @ 10% p.a. Each partner is entitled to salary as follows: 1

Ram ₹ 15,000 per annum

Shyam ₹ 10,000 per annum

What is Ram's total appropriation of profit for the year ended 31st March, 2021?

- (a) ₹ 77,500
- (b) ₹ 70,000
- (c) ₹ 75,000
- (d) ₹ 80,000

6. XYZ Ltd. agreed to pay purchase consideration of ₹1,98,000. The payment made by issue of debentures of ₹100 each at 10% discount. How many debentures will be issued? 1

- (a) 1100
- (b) 1,084
- (c) 2200
- (d) None of these

OR

10% debenture issued at ₹ 105 is repayable at ₹ 110, the face value of debenture being ₹ 100. Calculate the amount of loss on redemption of debentures:

- (a) ₹ 10
- (b) ₹ 5
- (c) ₹15
- (d) ₹ 25.

7. Varun Ltd, issued a prospectus inviting applications for 2,000 shares. 1
Applications were received for 3,000 shares and pro- rata allotment was made to the applicants of 2,400 shares. If Dhruv has been allotted 40 shares, how many shares he must have applied for?
(a) 40
(b) 44
(c) 48
(d) 52
8. P, Q and R were partners sharing profit and losses in the ratio of 2:2:1. 1
Books are closed on 31st March every year. R died on 5th November, 2021. Under the partnership deed, the executors of the deceased partner are entitled to his share of profit to the date of death, on the basis of last year's profit. Profit for the year ended 31st March 2022 was ₹2,40,000. R's share of profit will be:
(a) ₹28,000
(b) ₹32,000
(c) ₹28,800
(d) ₹48,000

OR

On 31st March 2022, closing capital of A, B and C showed a balance of ₹20,000, ₹18,000 and ₹12,000 respectively. The profit for the year ended was ₹36,000 and partners drawings had been A ₹3,600, B ₹4,500 and C ₹2,700. Calculate opening capital.

- (a) A ₹8,600, B ₹10,500 and C ₹8,700
- (b) A ₹7,600, B ₹11,500 and C ₹8200
- (c) A ₹11,600, B ₹10,500 and C ₹2,700
- (d) A ₹9,500, B ₹5,500 and C ₹5,600

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

Amar, Binod and Chaman are in trading business of Jute and Jute products. They have been sharing profits equally up to the year ended 31st March, 2020. They reconstituted the firm and the profit-sharing ratio was changed to 3:2:1. Chaman being a working partner demanded that he should be paid annual salary of ₹75,000. The partners did not agree to salary demanded by Chaman but agreed to give him minimum guaranteed profit of ₹ 60,000. Their capitals as on 1st April, 2020 were ₹ 5,00,000, ₹ 4,00,000 and ₹3,00,000 respectively. Profit for the year ended on 31st March, 2021 was ₹3,00,000.

9. What will be partners' profit share if deficiency in Chaman's profit share is to be borne by Amar and Binod in the ratio of 4:1? **1**
- (a) ₹ 1,50,000, ₹ 90,000, ₹ 60,000
 - (b) ₹ 1,42,000, ₹ 98,000, ₹ 60,000
 - (c) ₹ 1,44,000, ₹ 96,000, ₹ 60,000
 - (d) ₹ 1,20,000 ₹ 1,20,000, ₹ 60,000
10. What will be partners' profit shares, if Chaman's share of is guaranteed after allowing interest on capital @ 6% p.a. **1**
- (a) ₹ 1,09,600, ₹56,400, ₹ 60,000
 - (b) ₹ 89,600, ₹ 76,400, ₹ 60,000
 - (c) ₹ 99,600, ₹ 66,400, ₹ 60,000
 - (d) ₹ 1,00,800, ₹ 67,200, ₹ 60,000
11. Which one of the following items cannot be recorded in the profit and loss appropriation account? **1**
- (a) Interest on capital
 - (b) Interest on drawings
 - (c) Rent paid to partners
 - (d) Partner's salary
12. As per Section 52 of The Companies Act 2013, Securities Premium Reserve cannot be utilised for: **1**
- (a) Writing off capital losses.
 - (b) Issue of fully paid bonus shares.
 - (c) Writing off discount on issue of securities.
 - (d) Writing off preliminary expenses.
13. Ambrish Ltd offered 2, 00,000 Equity Shares of ₹ 10 each, of these 1, 98,000 shares were subscribed. The amount was payable as ₹ 3 on application, ₹ 4 an allotment and balance on first call. If a shareholder holding 3,000 shares has defaulted on first call, what is the amount of money received on first call? **1**
- (a) ₹ 9,000.
 - (b) ₹ 5, 85,000.
 - (c) ₹ 5, 91,000.
 - (d) ₹ 6, 09,000.
14. Amit and Sumit are partners in a firm sharing profits and losses equally. A new partner Lalit is admitted for 20% share and Goodwill of the firm is valued at ₹60,000. What is the entry for Goodwill, if Lalit does not bring his share of goodwill in cash. **1**

	Particulars	Dr	Cr
(a)	Premium for Goodwill A/c Dr To Amit's Capital A/c To Sumit's Capital A/c	15,000	7,500 7,500
(b)	Lalit's Current A/c Dr To Amit 's Capital A/c To Sumit's Capital A/c	15,000	7,500 7,500
(c)	Premium for Goodwill A/c Dr To Amit's Capital Alc To Sumit's Capital A/c	12,000	6,000 6,000
(d)	Lalit's Current A/c Dr To Amit 's Capital A/c To Sumit's Capital A/c	12,000	6,000 6,000

- 15.** Interest on drawings is charged at 8% per annum. Adithya, is a partner withdrew ₹5,000 in the beginning of each quarter. Adithya's Interest on drawings for the year ended 31st March 2022.

1

- (a) ₹600
(b) ₹1,000
(c) ₹1,200
(d) ₹2,000

OR

Veena and Anu are partners in a firm sharing profits and losses in the ratio 2:1. Their capital balances were ₹10, 00,000 and ₹8, 00,000 respectively. The firm made a profit during the year amounted to ₹3, 45,000. Both partners are allowed a salary of ₹2,500 per month. Interest on capital is allowed @ 5% on capital balance. Calculate the Capital balance of Anu.

- (a) ₹9,35,000
(b) ₹9,10,000
(c) ₹9,85,000
(d) None of these

- 16.** On dissolution of a firm, its Balance Sheet revealed total creditors ₹50,000; Total Capital ₹48,000; Cash Balance ₹3,000. Its assets were realised at 12% less. Loss on realisation will be:

1

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

- 17.** X, Y and Z were partners sharing profits and losses equally. X died on 31st August 2022. The sales and profits for the year ended 31st March 2022 were ₹10,00,000 and ₹2,00,000. The sales up to 31st August 2022 was ₹4,50,000.

3

Calculate X's Share of profit and give entry for the same.

- 18.** X, Y and Z are sharing profits and losses in the ratio of 5:3:2. **3**

X withdrew ₹50,000 on 1st September 2021 against anticipated profits. Y withdrew ₹60,000 during the year against anticipated profits. Z withdrew ₹80,000 on 1st December 2021 from his capital.

The partnership deed provides for charging interest on drawings @6% p.a. after the accounts were closed, it was found that interest on drawings was not taken into consideration. Give adjustment entry and show your working clearly.

OR

X, Y and Z are partners sharing profits in the ratio of 5:3:2. Rent of ₹5,000 per month is to be paid to X for providing office space in his premises. Z was guaranteed a profit of ₹8,000 per annum. Deficiency if any will be borne by X and Y in the ratio of 2:1. At the end of the year 31st March 2022, firm shows a profit of ₹4,000 before providing rent to X. Give necessary journal entries for distribution of profit/loss.

- 19.** Deepak Ltd. company purchased furniture ₹ 2,20,000 from M/s Furniture Mart. **3**
50% of the amount was paid to Furniture Mart by accepting a bill of exchange and for the balance the company issued 9% debentures of ₹ 100 each at a premium of 10% in favour of Furniture Mart. Pass necessary journal entries in the books of Deepak Ltd company for above transactions.

OR

Rajan Ltd. purchased assets from Geeta & Co. for ₹ 5,00,000. A sum of ₹ 1,00,000 was paid by means of a bank draft and for the balance due Rajan Ltd. issued equity Shares of ₹ 10 each at a premium of 25%. Journalise the above transactions in the books of the company.

- 20.** The capital of the firm of Anuj and Benu is ₹10,00,000 and the market rate of **3**
interest is 15%. Annual salary to the partners is ₹60,000 each. The profit for the last three years was ₹3,00,000, ₹3,60,000 and ₹4,20,000. Goodwill of the firm is to be valued on the basis of two years purchase of last three years average super profits.

Calculate the goodwill of the firm.

- 21.** Raunit Styles Ltd. was registered with a capital of ₹85,00,000 divided into **4**
equity shares of ₹100 each. The company invited applications for issuing 45,000 shares.

The amount was payable as ₹25 on application, ₹35 on allotment, ₹25 on first call and balance on final call.

Applications were received for 42,000 shares and allotment was made to all the applicants. Kavi, to whom 3,300 shares were allotted, failed to pay both the calls. His shares were forfeited.

Present the Share Capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013

22. Ankit, Bobby and Kartik were partners in a firm sharing profits in the ratio 4: 3: 3. The firm was dissolved on 31st March 2022. Pass the necessary Journal entries for the following transactions. **4**

(i) The firm had stock of ₹80,000. Ankit 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.

(ii) A liability under a suit for damages included in creditors was settled at ₹32,000 as against only ₹13,000 provided in the books. Total creditors of the firm were ₹50,000.

(iii) Bobby's sister's loan of ₹20,000 was paid off along with interest of ₹2,000.

(iv) Kartik's Loan of ₹12,000 was settled at ₹12,500.

23. X Ltd invited applications for issuing 2,00,000 Equity shares of ₹10 each at premium of ₹3 per share. The amount was payable as follows- **6**

On Application and Allotment ₹8 per share (including premium)

On First and final call- Balance

Applications were received for 3,00,000 shares. Applications of 50,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. First and final call was made and received except on 2500 shares applied by Kanwar. His shares were forfeited. The forfeited shares were reissued at ₹7 per share fully paid up. You are required to pass necessary journal entries.

OR

Pass the journal entries for forfeiture and re-issue of shares in both the following Cases: -

(a) Janata Ltd. forfeited 1,500 shares of ₹10 each at a premium of ₹2 each due to non-payment of First call of ₹3. The final call of ₹2 is not yet made. Out of these 900 shares were re-issued at ₹6.

(b) Aakash Ltd. forfeited 5,000 shares of ₹10 each (issued at ₹2 premium) for non-payment of first call of ₹2 per share. Final call of ₹3 per share was not yet made. Out of these 2,000 shares were re-issued at ₹10 per share as fully paid.

24. Kalpana and Kanika were partners in a firm sharing profits in the ratio of 3: 2. On 1st April, 2021, they admitted Karuna as a new partner for 1/5th share in the profits of the firm. The Balance Sheet of Kalpana and Kanika as on 1st April, 2021 was as follows: **6**

Balance sheet of Kalpana and Kanika as on 1st April, 2021

Liabilities	₹	Assets	₹
Capital a/c		Land and Building	2,10,000
Kalpana 4,80,000		Plant	2,70,000
Kanika 2,10,000	6,90,000	Stock	2,10,000
General Reserve	60,000	Debtors 1,32,000	
Workmen's		Less: Provision	
Compensation Fund	1,00,000	12,000	1,20,000
Creditors	90,000	Cash	1,30,000
	9,40,000		9,40,000

It was agreed that:

- The value of Land and Building will be appreciated by 20%.
- The value of plant be increased by ₹ 60,000.
- Karuna will bring ₹ 80,000 for her share of goodwill as premium.
- The liabilities of Workmen's Compensation Fund were determined at ₹60,000.
- Karuna will bring in cash as capital to the extent of 1/5th share of the total capital of the new firm.

Prepare Revaluation Account and Partners' Capital Accounts of the new firm.

OR

AK, BK and CK were partners in a firm sharing profits in the proportion of 1/2, 1/3 and 1/6 respectively. On 31st March 2022 the Balance Sheet of the firm was as follows:

Liabilities	₹	Assets	₹
Capitals: AK	40,000	Cash at Bank	4,100
BK	36,500	Debtors 30,000	
CK	20,000	Less:	
General Reserve		Provision 1,000	29,000
Provident Fund	9,000	Stock	25,000
Sundry Creditors	3,000	Investments	10,000
Profit and Loss A/c	12,600	Patents	5,000
	12,000	Office Equipment	12,000
		Machinery	48,000
	1,33,100		1,33,100

CK retired and it was agreed that:

- Goodwill will be valued at ₹27,000.
- Depreciation of 10% was to be provided on machinery. A part of machinery was purchased on 1st December 2021 for ₹12,000.
- Patents were to be reduced by 20% and 25% of the Office Equipment sold at a loss of 20%.
- Liability on account of Provident Fund was estimated at ₹2,300.
- CK took over investments for ₹15,800.

(f) AK and BK decided to adjust their capitals in proportion of their profit-sharing ratio by opening current accounts.

Prepare Revaluation Account and Partners' Capital Accounts on CK's retirement.

- 25.** Amar, Akbar and Akshay were in partnership sharing profits and losses in the ratio 5:3:2. on 31st March 2021, their balance sheet was as follows. **6**

Liabilities	₹	Assets	₹
Sundry Creditors	24,000	Cash at Bank	34,000
General Reserve	30,000	Debtors	40,000
Workmen Compensation Reserve	10,000	Stock	50,000
Capital		Plant & Machinery	30,000
Amar 50,000		Building	50,000
Akbar 50,000			
Akshay 40,000			
	1,40,000		
	2,04,000		2,04,000

On 1st December 2021, Akbar passed away and his share was completely acquired by Akshay. In the event of death of a partner the partnership deed inter alia provides the following:

- The executor of deceased partner is entitled to get his capital as per the last balance sheet with interest on capital at 10% p.a.
- His share in the accumulated profit, goodwill of the firm and estimated profit till the date of death.

The goodwill of the firm is valued at 2 years' purchase of average profit of past 3 years.

The profit to be estimated on the basis of the average profit of past 3 years.

The profits of the firm for the past three years were:

31.03.2019 ₹36,000; 31.3.2020 ₹44,000 and 31.3.2021 ₹40,000.

During the year 2021 his drawings were ₹12,000 and interest calculated there on was ₹600.

Prepare Akbar's capital account, Executor's Account assuming that the entire amount was settled immediately.

- 26.** (i) XYZ Ltd has 20,000, 9% debentures of ₹ 100 each outstanding in the books of accounts as on 31st March 2020, to be redeemed on 31st March, 2025. Show how will you disclose debentures in the balance sheet. **6**
- (ii) Nand Ram Ltd. issued 1,00,000, 8% debentures of ₹ 10 each at ₹ 12 on 1st April, 2020. The issue was fully subscribed. In terms of the issue of debentures, interest was payable at the end of the financial year.
- Pass the journal entries for the above transactions.

Part B: - Analysis of Financial Statements

- 27.** Debentures become due for redemption within 12 months during the period of operating cycle, are shown in the Balance Sheet under: **1**
- (a) Non-current Liabilities
 - (b) Other Current Liabilities
 - (c) Short-term Borrowings
 - (d) Contingent Liabilities

OR

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
- 28.** Current ratio of X Ltd. is 2.4:1 and Y Ltd. is 8:1. Choose the most appropriate options from the followings **1**
- (a) Y Ltd is better than X Ltd.
 - (b) Both companies are having ideal current ratio
 - (c) X Ltd. is better than Y Ltd.
 - (d) Both the companies are having poor liquidity
- 29.** Vinod & Sons, a Non-financing company purchased copyrights of ₹2,50,000 and received interest on debentures of ₹40,000 from Kumar Ltd. also sold one old computer of book value ₹30,000 at a loss of 20%. **1**
- Cash inflow/outflow from investing activities will be
- (a) ₹2,10,000 inflows
 - (b) ₹2,10,000 outflows
 - (c) ₹1,80,000 outflow
 - (d) ₹1,86,000 outflow

OR

Vinod Ltd. had opening balance of Non-current Investment ₹60,000 and Balance at the end of the year ₹30,000. During the year, company sold half of the investment held in the beginning of the year at a loss of ₹10,000. Cash Flow from Investing Activities will be

- (a) ₹20,000 inflow
- (b) ₹30,000 inflow
- (c) ₹60,000 inflow
- (d) ₹40,000 inflow

30. Which of the following statements are true?

- A. Cash flow reveals only the inflow of cash
- B. Cash flow reveals only the outflow of cash
- C. Cash flow is a substitute for income statement
- D. Cash flow statement is not a replacement of funds flow statement.

- a) Only D
- b) Both B and C
- c) Only B
- d) Only A

31. Classify the following items under Major heads and Sub-head (if any) in the Balance Sheet of a Company as per schedule III of the Companies Act 2013. **3**

- (i) Loose tools
- (ii) Long term Provisions
- (iii) Provision for Warranties
- (iv) Income received in advance
- (v) Capital Advances
- (vi) Advances recoverable in cash within the operation cycle

32. Gopalan Ltd. and Balan Ltd. use different accounting policies for inventory valuation. These variations leave a big question mark on the cross-sectional analysis and comparison of these two firms was not possible. Identify the limitation of Ratio Analysis highlighted in the above situation. Also explain any two other limitations of Ratio Analysis apart from the identified above. **3**

33. The operating ratio of a company is 80%. State whether the following transactions will increase, decrease or not change the ratio: **4**

- (i) Purchased goods on credit ₹20,000
- (ii) Paid wages ₹5,000
- (iii) Redeemed ₹8,000, 9% debentures
- (iv) Sold goods ₹50,000 for cash

OR

From the following details obtained from the financial statements of Jeev Ltd., Calculate Interest coverage Ratio:

Net Profit after tax ₹ 1,20,000,
12% Long-term Debt ₹ 20,00,000,
Tax Rate 40%.

34. Prepare a cash flow statement from the following balance sheet:

6

Particulars	Note No	31 st March 2022 (₹)	31st March 2021 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		6,00,000	5,00,000
(b) Reserve and Surplus		4,00,000	2,00,000
2. Current Liabilities			
Trade payables		2,80,000	1,80,000
		12,80,000	8,80,000
II. Assets			
1. Non-Current Assets:			
(a) Fixed Assets			
(i) Plant and machinery		5,00,000	3,00,000
2. Current assets:			
a) Inventories		1,00,000	1,50,000
b) Trade receivables		6,00,000	4,00,000
c) Cash and cash equivalents		80,000	30,000
		12,80,000	8,80,000

Notes to Accounts:

Particulars	31st March 2022 (₹)	31st March 2021 (₹)
1. Reserve and Surplus:		
Surplus (Balance in statement of Profit and Loss)	4,00,000	2,00,000

Additional information:

- An old machinery having book value of ₹ 50,000 was sold for ₹ 60,000.
- Depreciation provided on machinery during the year was ₹ 30,000.