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**INDIAN SCHOOL MUSCAT  
FIRST PRE BOARD EXAMINATION 2023  
ACCOUNTANCY (055)**



CLASS : XII  
DATE: 26-11-2023

TIME ALLOTTED : 3 HRS.  
MAXIMUM 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 Accounting for Partnership Firms and Companies
4. Part - B is Analysis of Financial Statements
5. Question Nos.1 to 16 and 27 to 30 carries 1 mark each.
6. Questions Nos. 17 to 20, 31 and 32 carries 3 marks each.
7. Questions Nos. from 21, 22 and 33 carries 4 marks each
8. Questions Nos. 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. A and B are partners sharing profits and losses in the ratio of 2:1. They admitted C into partnership on 1<sup>st</sup> April, 2023 for 1/3<sup>rd</sup> share of profits. For this purpose, goodwill is to be valued at 4 times the average annual profit of previous four or five years, whichever is higher. 1  
Profits for goodwill purposes for the past five years are as follows:

Year	I	II	III	IV	V
Profit	14,000	15,500	10,000	16,000	15,000

The value of Goodwill is

- (a) ₹ 56,400
  - (b) ₹ 56,500
  - (c) ₹ 56,600
  - (d) ₹ 56,700
2. Assertion (A): Partnership is the relation between persons who have agreed to share profits of the business carried on by all or any of them acting for all. 1  
Reason (R): If a partner carries on any business of the same nature competing with that of the firm, he/she shall account for and pay to the firm all profit earned by him/her in the business.  
In the context of the above two statements, which of the following is correct?  
(a) Assertion (A) is correct but Reason (R) is incorrect.  
(b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)  
(c) Both Assertion (A) and Reason (R) are incorrect.  
(d) Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation of Assertion (A).

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3. A company forfeited 4,000 shares of ₹10 each on which application money of ₹3 has been paid. Out of these 2,000 shares were reissued as fully paid up and ₹4,000 has been transferred to capital reserve. Calculate the rate at which these shares were reissued. 1
- (a) ₹10 Per share (b) ₹ 9 Per share  
(c) ₹11 Per share (d) ₹8 Per share
- OR
- Savitri Ltd. issued 50,000, 8% Debentures of ₹ 100 each at certain rate of premium and to be redeemed at 10% premium. At the time of writing off Loss on Issue of Debentures, Statement of Profit and Loss was debited with ₹ 2,00,000. At what rate of premium, these debentures were issued?
- (a) 10% (b) 16%  
(c) 6% (d) 4%
4. X, Y and Z who are presently sharing Profit and losses in the ratio of 5:3:2, decide to share profits and losses in the ratio of 2:3:5 with effect from 1st April, 2023. Workmen Compensation Reserve is ₹ 1,20,000 in the Balance Sheet as at 31st March, 2023. At the time of reconstitution, certain amount of Claim of Workmen Compensation was determined. As a result, Y's share in surplus Workmen Compensation Reserve is ₹ 31,500. Claim for Workmen Compensation Reserve is: 1
- (a) ₹ 12,500 (b) ₹ 14,500  
(c) ₹ 15,000 (d) ₹ 21,000
- OR
- X and Y are partners with capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively. Interest payable on capitals is 10%. Find the interest on capital for both the partners when the profit earned by the firm is ₹ 48,000.
- (a) ₹ 50,000 and ₹ 30,000 (b) ₹ 30,000 and ₹ 18,000  
(c) ₹ 30,000 and ₹ 50,000 (d) ₹ 18,000 and ₹ 30,000
5. Sarthak, Vansh and Mansi are partners, sharing profits in the ratio of 3:1:1. It was provided in the deed that Mansi's share of profit will not be less than ₹ 60,000 per annum. Interest on Sarthak's Loan is to be paid ₹ 20,000. Loss of the firm for the year was ₹ 5,20,000 before interest on Sarthak's Loan. Net effect of the above will be 1
- (a) Loss of ₹ 5,20,000 will be distributed among Sarthak, Vansh and Mansi in 3:1:1 ratio.  
(b) Loss of ₹ 5,80,000 will be distributed among Sarthak, Vansh and Mansi in 3:1:1 ratio.  
(c) Loss of ₹ 6,00,000 will be distributed among Sarthak and Vansh in 3:1 ratio.  
(d) Loss of ₹ 5,40,000 will be distributed among Sarthak, Vansh and Mansi in 3:1:1 ratio.
6. Alex Ltd. purchased building from Shireen Ltd for ₹8,00,000. The consideration was paid by issue of 6% Debentures of ₹100 each at a discount of 20%. The 6% Debentures account is credited with: 1
- (a) ₹10,40,000 (b) ₹10,00,000  
(c) ₹9,60,000 (d) ₹6,40,000
- OR
- Which of the following statements is incorrect about debentures?
- (a) Interest on debentures is an appropriation of profits.  
(b) Debenture holders are the creditors of a company.  
(c) Debentures can be issued to vendors at discount.  
(d) Interest is not paid on Debentures issued as Collateral Security.

7. Assertion (A): Tetra Ltd. is registered with an authorized capital of 50,000 Equity Shares of ₹ 100 each of which 20,000 Equity Shares were issued and subscribed. All the money had been called up except ₹ 25 per share which was declared as 'Reserve Capital'. Share Capital shown in Balance Sheet as 'Subscribed and Fully Paid-up' will be nil. 1
- Reason (R): Reserve Capital can be used only at the time of winding up.
- In the context of the above two statements, which of the following is correct?
- (a) Assertion (A) is correct but Reason (R) is incorrect.  
 (b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)  
 (c) Both Assertion (A) and Reason (R) are incorrect.  
 (d) Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation of Assertion (A).

8. X, Y and Z are partners in a firm sharing profits in the ratio of 3:2:1. Z is guaranteed minimum profit of ₹ 20,000 as his share of profit every year. Firm earned profit of ₹ 90,000 during the year. Partners will get: 1
- |     | X                 | Y        | Z        |
|-----|-------------------|----------|----------|
| (a) | ₹ 40,000          | ₹ 30,000 | ₹ 20,000 |
| (b) | ₹ 45,000          | ₹ 30,000 | ₹ 15,000 |
| (c) | ₹ 42,000          | ₹ 28,000 | ₹ 20,000 |
| (d) | None of the Above |          |          |

OR

X, Y and Z are partners sharing profits in the ratio of 4:3:2. Y retired and his capital after making adjustment for reserves and profit on revaluation was determined to be ₹ 4,64,000. X and Z agreed to pay him ₹ 5,00,000 in settlement of his dues. For the excess amount given, X was debited by ₹ 19,500. Determine the value of firm's goodwill.

- (a) ₹ 1,84,000 (b) ₹ 1,06,000  
 (c) ₹ 1,62,000 (d) ₹ 1,08,000

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

Amit and Vidya started a business in partnership on 1<sup>st</sup> April, 2022 with capitals of ₹ 20,00,000 and ₹ 10,00,000 respectively. During the year, Amit withdrew ₹ 10,000 in the beginning of every month and Vidya withdrew ₹ 20,000 at the end of every month. The terms of Partnership Deed are:

- (i) Interest on Capital @ 12% p.a. and interest is to be charged on Drawings @ 6% p.a.  
 (ii) Amit is to get a monthly salary of ₹ 25,000.  
 (iii) Vidya is entitled to a commission @ 10% on profits after charging Amit's salary and her own commission.  
 (iv) 20% of the distributable profits to be transferred to General Reserve.  
 (v) Sharing of profit or loss will be in the ratio of their capital contribution.

Profit before making above appropriations was ₹ 36,00,000.

9. Vidya's Commission will be 1
- (a) ₹ 2,50,000 (b) ₹ 2,80,000  
 (c) ₹ 3,00,000 (d) ₹ 3,20,000
10. Amount transferred to General Reserve will be 1
- (a) ₹ 5,20,000 (b) ₹ 5,30,000  
 (c) ₹ 4,41,750 (d) ₹ 5,30,200

11. Gross Profit of a Partnership Firm is ₹ 20,50,000 and indirect expenses (before manager's commission) is ₹ 70,000. Manager is entitled to a commission of 10% on net profit after charging commission. Managers Commission will be: 1  
 (a) ₹ 1,95,000 (b) ₹ 2,00,000  
 (c) ₹ 1,80,000 (d) ₹ 1,98,000
12. Newfound Ltd took over business of Old land ltd and paid for it by issue of 30,000, Equity Shares of ₹100 each at a par along with 6% Preference Shares of ₹1,00,00,000 at a premium of 5% and a cheque of ₹8,00,000. What was the total agreed purchase consideration payable to Old Land ltd. 1  
 (a) ₹1,05,00,000 (b) ₹1,43,00,000  
 (c) ₹1,40,00,000 (d) ₹1,35,00,000
13. Alok Ltd. forfeited 60 shares of ₹ 10 each issued at a premium of 20% to Manav who had applied for 72 shares, for non-payment of allotment money of ₹ 5 per share (including premium) and first and final call of ₹ 5 per share. Out of these, 20 shares were reissued to Kamal, credited as fully paid for ₹ 9 per share. The gain on reissue is: 1  
 (a) ₹ 144 (b) ₹ 124  
 (c) ₹ 48 (d) ₹ 28
14. X and Y are partners in a firm sharing profit in the ratio of 3:2. Capitals of X and Y after adjustments are ₹ 80,000 and ₹ 60,000 respectively. They admit Z as a partner on his capital contribution of ₹ 35,000. New Profit Sharing Ratio of partners is to be 5:3:2. Capital Accounts of old partners are to be proportionate of their profit sharing ratio adjusted on the basis of Z's Capital. Surplus Capital to be paid to Y will be: 1  
 (a) ₹ 5,000 (b) ₹ 6,000  
 (c) ₹ 7,500 (d) ₹ 8,000
15. When a partner draws fixed amount for 6 months in the beginning of each month beginning 1<sup>st</sup> October, interest on drawings (at an agreed rate) will be equal to interest of 1  
 (a) 2.5 months (b) 1.5 months  
 (c) 3.5 months (d) 3 months  
 OR  
 Ankit and Vikas are partners in a firm. Which of the claims is valid in the absence of an agreement?  
 (a) Ankit is an active partner and wants a salary of ₹ 1,00,000 per year.  
 (b) Vikas had advanced a loan to the firm and claims interest @ 10% p.a.  
 (c) Vikas wants interest on capital to be credited @ 6% p.a.  
 (d) Capitals contributed by Ankit and Vikas are ₹ 10,00,000 and ₹ 25,00,000 respectively. Ankit wants that profits be shared equally.
16. On dissolution of the partnership firm of A, B and C, the accumulated profits of ₹ 40,000 will be transferred to 1  
 (a) Revaluation Account (b) Realisation Account  
 (c) Partners' Capitals Account (d) Bank Account
17. X, Y and Z are partners sharing profits in the ratio of 4:3:2. Y retired and his capital after making adjustments for reserves and profit on revaluation was ₹ 92,800. X and Z agreed to pay him certain amount in settlement of his claim. Journal Entry for Goodwill passed was as given below: 3



# Journal

Date	Particulars	L/F	Dr. ₹	Cr. ₹
	X's Capital A/c Dr.		3,900	
	Z's Capital A/c Dr.		3,300	
	To Y's Capital A/c			7,200
	(Being Y's share of goodwill adjusted in the Capital Accounts of gaining partners in gaining ratio)			

Calculate the amount agreed to be paid to Y and New Profit Sharing Ratio of X and Z. Show all workings clearly.

18. Peter, Max and Som were partners in a firm sharing profits and losses in the ratio of 4:2:1. Their fixed capitals were ₹ 40,000, ₹ 30,000 and ₹ 30,000 respectively. Som was guaranteed minimum annual profit ₹ 39,000 by the firm. 3
- It was decided that deficit arising because of the guarantee would be shared by Peter and Max equally. Profit of the firm for the year ended 31<sup>st</sup> March, 2023 was ₹ 1,47,000.
- You are required to prepare Profit and Loss Appropriation Account for the year 2022-23 showing the distribution of profit.

OR

Pranav, Karan and Rahim were partners sharing profits in the ratio of 3:2:1. Their capitals were ₹ 5,00,000, ₹ 3,00,000 and ₹ 2,00,000 respectively as on 1<sup>st</sup> April, 2023. According to the partnership deed, they were entitled to interest on capital @ 10% p.a. For the year ended 31<sup>st</sup> March, 2023, profit of ₹ 78,000 was distributed among the partners without providing for interest on capitals.

Pass the necessary adjusting entry and show the working.

19. Chrome Ltd. took over assets ₹ 6,00,000 and liabilities ₹ 40,000 of Polymer Ltd. for ₹ 6,30,000. Chrome Ltd. issued 10% Debentures of ₹100 each at a discount of 10% to Polymer Ltd. in satisfaction of purchase consideration. It has balance of ₹ 30,000 in Securities Premium Account. 3

You are required to pass the necessary Journal Entries to record the above transactions in the books of Chrome Ltd.

OR

Smart Ltd. took loan of ₹ 10,00,000 from State Bank of India interest being @ 10% p.a. It issued ₹ 15,00,000, 10% Debentures of ₹ 200 each as Collateral Security. Pass necessary Journal Entries for the above transactions.

- When company decides not to record the issue of 10% Debentures as Collateral Security.
- When company decides to record the issue of 10% Debentures as Collateral Security.

20. Calculate goodwill of a firm on the basis of three years purchases of the Weighted Average Profits of the last four years. The profits of the last four years were: 3

Year (Ending 31 <sup>st</sup> March)	2020	2021	2022	2023
Amount ₹	28,000	27,000	46,900	53,810

(a) On 1st April, 2020 a major plant repair was undertaken for ₹10,000 which was charged to revenue. The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10% on reducing balance method.

(b) For the purpose of calculating Goodwill the company decided that the years ending 31.03.2020 and 31.03.2021 be weighted as 1 each (being COVID affected) and for year ending 31.03.2022 and 31.03.2023 weights be taken as 2 and 3 respectively.

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21. Spanish Cherry Ltd. issued 10,000 Equity Shares of ₹ 100 each at a premium of ₹ 20 per share payable ₹ 30 per share on application, ₹ 50 per share on allotment including premium and ₹ 40 per share on first and final call. 4
- All the shares were subscribed, amount due on shares were received except from Asha, holding 100 shares who did not pay allotment and call money and Neeru holding 200 shares who did not pay the first and final call money.
- Their shares were forfeited. Out of the forfeited shares 150 shares (including all shares of Asha) were reissued to Raja @ ₹ 80 per share as fully paid.
- Show the presentation of Share Capital in the Balance Sheet of the company.
22. Nisha, Kamal and Vijay had an automobile spare parts business. Due to strained relationship among the partners, they were unable to take collective decisions for the growth of the business. As a result, firm has been in losses for the last 3 years. The partners decided to dissolve the firm. 4
- Following transactions took place at the time of dissolution.
- Shiv, a creditor, to whom ₹ 6,000 were due, accepted office equipment at ₹ 4,000 and the balance was paid to him.
  - Investment, which appeared in the books at ₹ 1,00,000, half of it taken by Mohan, a creditor, at 10% above the book value in settlement of his claim and the remaining half was sold in the market at a loss of 30%.
  - Loan of ₹ 50,000 advanced by Nisha to the firm was repaid.
  - Loss on realisation ₹ 30,000 was distributed among the partners equally.
- Journalise the above transactions at the time of dissolution of the firm.
23. Pass entries for forfeiture and re-issue in both the following cases. 6
- (a) Vikram Ltd. forfeited 5,000 shares of Rahul, who had applied for 6,000 shares for non-payment of allotment money of ₹ 5 per share and first and final call of ₹ 2 per share. Only application money of ₹ 3 was paid by him. Out of these 3,000 shares were re-issued @ ₹ 12 per share as fully paid.
- (b) Ratan Ltd. forfeited 3,000 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.
- OR
- Shakti Ltd. invited applications for issuing 1,00,000 Shares of ₹ 10 each at a premium of ₹2 per share. The amount was payable as ₹ 4 on application (including premium); ₹ 5 on Allotment and balance on call. Applications were received shares for 1,80,000 of which Applications for 30,000 shares were rejected and remaining applicants were allotted on pro-rata basis. Manav, holding 5,000 shares failed to pay call money and his shares were forfeited. Out of these 2,000 shares were re-issued at premium of ₹ 3 per share.
- Prepare Cash Book and pass necessary entries.
24. Ram and Shyam were partners in a firm sharing profits and losses in the ratio of 5:3. They admitted Vijay as a partner for  $\frac{1}{3}$ <sup>rd</sup> share in the profits. Vijay was to contribute ₹ 20,000 as his capital. The Balance Sheet of Ram and Shyam on 1<sup>st</sup> April, 2023 the date of Shyam's admission was as follows: 6

Liabilities	₹	Assets	₹
Capital A/cs:		Building	25,000
Ram 50,000		Machinery	30,000



Shyam 35,000	85,000	Stock	15,000
General Reserve	16,000	Debtors 20,000	
Creditors	27,000	Less: Provision for Doubtful	
		Debts 1,500	18,500
		Cash at Bank	39,500
	1,28,000		1,28,000

Other terms agreed upon were:

- Goodwill of the firm was valued ₹ 12,000.
- Building were to be valued at ₹ 35,000 and Machinery at ₹ 25,000.
- The Provision for Doubtful Debts was found to be in excess by ₹ 400.
- A liability for ₹ 1,000 included in sundry creditors was not payable.
- Capitals of the partners be adjusted on the basis of Vijay's contribution of capital in the firm.
- Profit on Revaluation is ₹ 6,400.
- Excess or shortfall, if any, are to be transferred to Current Accounts.

Prepare Partners' Capital Accounts and the Balance Sheet of the new firm.

OR

Balance Sheet of Alka, Harpreet and Shreya who were sharing profits and losses in the ratio of 1/2, 1/3 and 1/6 respectively, was as follows on 1<sup>st</sup> April, 2023.

Liabilities	₹	Assets	₹
Sundry Creditors	18,900	Cash at Bank	25,650
Capital Acs:		Debtors	23,200
Alka 40,000		Stock	22,300
Harpreet 25,000		Furniture	3,500
Shreya 20,000	85,000	Machinery	9,750
Profit & Loss A/c	4,500	Building	24,000
	1,08,400		1,08,400

Alka retired from the business on 1<sup>st</sup> April, 2023 and her share in the firm was to be ascertained on the revaluation of assets as follows:

Stock ₹ 20,000; Furniture ₹ 3,000; Machinery ₹ 9,000; Building ₹ 20,000; ₹ 850 was to be provided for doubtful debts. The goodwill of the firm was valued at ₹ 6,000. Alka was to be paid ₹ 11,050 in cash on retirement and the balance in two equal yearly instalments with interest at 9% per annum.

Prepare Partners' Capital Accounts and Alka's Loan Account until she is paid the amount due to her.

25. A, B and C were partners sharing Profit and Loss in the ratio 5:3:2. A died on 30th June, 2019. Entry for treatment of goodwill after his death was passed as follows:- 6

Date	Particulars		Dr. ₹	Cr. ₹
	B's Capital A/c Dr.		1,80,000	
	C's Capital A/c Dr.		1,20,000	
	To A's Capital A/c			3,00,000
	(Entry for goodwill treatment passed at the time of death of partner)			

A's profit till date of death was estimated as ₹ 1,20,000, based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as ₹ 8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him Furniture valued for the

same and balance was to be paid in three equal annual instalments starting from 30 June, 2020, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932.  
Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors account till final settlement.

26. Pass necessary journal entries for the issue of debentures in the books of YK Ltd.: 6
- Issued 500, 9% debentures of ₹ 1,000 each at par, redeemable at par.
  - Issued ₹ 20,00,000; 10% Debentures at 6% discount, redeemable at par.
  - Issued 2000, 8% debentures of ₹ 100 each at a discount of 2%, redeemable at a premium of 4%.

PART B  
(Analysis of Financial Statements)

27. Which one of the following statements is incorrect? 1
- Liquidity Ratios are calculated to measure short term solvency of the business.
  - Current Ratio is also known as Acid Test Ratio
  - Solvency Ratios are calculated to determine the ability of the business to service its debt in the long run
  - Proprietary Ratio expresses the relationship of Proprietor's Funds to Net Assets/Total Assets.

OR

A company has an Operating Cycle of eight months. It has Trade Receivable of ₹ 1,00,000 out of which ₹ 60,000 have maturity period of 11 months. How would this information be presented in the Balance Sheet?

- ₹ 40,000 as Current Assets and ₹ 60,000 as Non-Current Assets
  - ₹ 60,000 as Current Assets and ₹ 40,000 as Non-Current Assets
  - ₹ 1,00,000 as Non-Current Assets
  - ₹ 1,00,000 as Current Assets
28. Debt to Capital Employed Ratio is 0.4:1. Which of the following will improve the ratio? 1
- Sale of machinery costing ₹5,00,000 for ₹ 4,50,000.
  - Purchased goods on credit for ₹ 50,000 for a credit of 15 months, assuming operating cycle is of 18 months.
  - Conversion of Debentures into Equity Shares of ₹ 4,00,000.
  - Tax Refund of ₹ 1,00,000 during the year.

29. Pluto Ltd. provides you the following information: 1

Particulars	Closing ₹	Opening ₹
Equity Share Capital	4,00,000	3,00,000
10% Preference Share Capital	1,00,000	1,50,000
Securities Premium	15,000	5,000
10% Debentures	4,00,000	3,00,000

Dividend paid on Equity Shares ₹ 30,000. Dividend paid on Preference Shares ₹15,000. New debentures have been issued at the end of the year.

Calculate Cash Flow from Financing Activities

- ₹ 70,000
- ₹ 75,000
- ₹ 80,000
- ₹ 85,000

OR

Assertion (A): Cash Equivalents are held for the purpose of short term cash commitments rather than for investment or other purposes.



Reason (R): Transactions which are movements between items of Cash or Cash Equivalents are Cash Flow.

In the context of the above two statements, which of the following is correct?

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

30. In Cash Flow Statement, match the following: 1
- |                                  |                          |
|----------------------------------|--------------------------|
| (1) Purchase of Building         | (i) Financing Activity   |
| (2) Dividend Paid                | (ii) Operating Activity  |
| (3) Depreciation on Fixed Assets | (iii) Investing Activity |
- (a) 1-(ii); 2-(iii); 3(i) (b) 1-(i); 2(ii); 3-(iii)  
 (c) 1-(iii); 2-(ii); 3-(i) (d) 1-(iii); 2-(i); 3-(ii)
31. State the major heads and sub heads (if any) under which the following items will be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013. 3
- Provision for Tax
  - Provision for Warranties
  - Computer and Computer Equipment
  - Goods purchased for Trading
  - Securities Premium
  - Current Maturities of Long-term Debts
32. (a) A company earns Gross Profit of 25% on cost. For the year ended 31<sup>st</sup> March, 2023, its Gross Profit was ₹ 5,00,000; Equity Share Capital of the company was ₹ 10,00,000; Reserves and Surplus ₹ 2,00,000; Long-term Loans ₹ 3,00,000 and Non-current Assets were ₹ 10,00,000. Compute the 'Working Capital Turnover Ratio' of the company. 3
- (b) Y Ltd.'s profit after interest and tax was ₹ 1,00,000. Its Current Assets were ₹ 4,00,000; Current Liabilities ₹ 2,00,000; Fixed Assets ₹ 6,00,000 and 10% Long-term Debt ₹ 4,00,000. The rate of tax was 20%. Calculate 'Return on Investment' of Y Ltd.
33. From the following Balance Sheet of Ozone Fitness Ltd. as at 31<sup>st</sup> March, 2023 and 2022, prepare a Comparative Balance Sheet. 4

Balance Sheet of Ozone Fitness Ltd.  
as at 31<sup>st</sup> March, 2023 and 2022

Particulars	Note No	31 <sup>st</sup> March, 2023 ₹	31 <sup>st</sup> March, 2022 ₹
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital		20,00,000	15,00,000
(b) Reserves and Surplus		3,00,000	4,00,000
2. Non-Current Liabilities			
Long Term Borrowings		9,00,000	6,00,000
3. Current Liabilities			

Trade Payables		3,00,000	2,00,000
Total		<b>35,00,000</b>	<b>27,00,000</b>
II. Assets			
1. Non-Current Assets			
Property, Plant and Equipment and Intangible Assets:			
(i) Property, Plant and Equipment		20,00,000	15,00,000
(ii) Intangible		9,00,000	6,00,000
2. Current Assets			
(a) Inventories		3,00,000	4,00,000
(b) Cash and Cash Equivalent		3,00,000	2,00,000
Total		<b>35,00,000</b>	<b>27,00,000</b>

OR

From the following Statement of Profit & Loss, prepare a Common-size Statement of Profit & Loss of Shiva Ltd. for the year ended 31<sup>st</sup> March, 2023:

Particulars	Note No.	₹
Income		
Revenue from Operations		25,38,000
Other Income		38,000
Total Income		<b>25,76,000</b>
Expenses		
Cost of Materials Consumed		14,00,000
Other Expenses		5,00,000
Total Expenses		<b>19,00,000</b>
Tax		3,38,000

34. Read the following hypothetical text and answer the questions given below on the basis thereof: Aditi, initiated her start up 'Fizz Ltd.' in 2019. 'Fizz Ltd.' is an organic juice extracting unit. Its profits are increasing year-after-year because of the increasing awareness towards health. Following information has been extracted from the Balance Sheet of 'Fizz Ltd.' for the year ended 31<sup>st</sup> March, 2023:

6

Particulars	31 <sup>st</sup> March, 2023 (₹)	31 <sup>st</sup> March, 2022 (₹)
Equity Share Capital	90,00,000	60,00,000
11% Debentures	30,00,000	50,00,000
Machinery (At Cost)	28,00,000	20,00,000
Accumulated Depreciation on Machinery	90,000	60,000

Additional Information:

- During the year, a machine costing ₹ 4,00,000 was sold at a gain of ₹ 30,000.
  - Depreciation charged on machinery during the year was ₹ 50,000.
  - Interest paid on 11% debentures amounted to ₹ 5,50,000.
  - Dividend of ₹ 3,00,000 was paid on equity shares.
  - Debentures were redeemed at a premium of 10% on 31<sup>st</sup> March, 2023
- Calculate Cash Flow of 'Fizz Ltd.' from 'Investing Activities' and 'Financing Activities'.

\*\*\*END OF THE QUESTION PAPER\*\*\*

ROLL NUMBER				
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CODE NUMBER	055/1/2
SET NUMBER	2



**INDIAN SCHOOL MUSCAT  
FIRST PRE BOARD EXAMINATION 2023  
ACCOUNTANCY (055)**



CLASS : XII  
DATE: 26-11-2023

TIME ALLOTTED : 3 HRS.  
MAXIMUM 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 Accounting for Partnership Firms and Companies
4. Part - B is Analysis of Financial Statements
5. Question Nos.1 to 16 and 27 to 30 carries 1 mark each.
6. Questions Nos. 17 to 20, 31 and 32 carries 3 marks each.
7. Questions Nos. from 21, 22 and 33 carries 4 marks each
8. Questions Nos. 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. Assertion (A): Partnership is the relation between persons who have agreed to share profits of the business carried on by all or any of them acting for all. 1  
Reason (R): If a partner carries on any business of the same nature competing with that of the firm, he/she shall account for and pay to the firm all profit earned by him/her in the business.  
In the context of the above two statements, which of the following is correct?  
(a) Assertion (A) is correct but Reason (R) is incorrect.  
(b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)  
(c) Both Assertion (A) and Reason (R) are incorrect.  
(d) Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation of Assertion (A).
2. A company forfeited 4,000 shares of ₹10 each on which application money of ₹3 has been paid. 1  
Out of these 2,000 shares were reissued as fully paid up and ₹4,000 has been transferred to capital reserve. Calculate the rate at which these shares were reissued.  
(a) ₹10 Per share (b) ₹ 9 Per share  
(c) ₹11 Per share (d) ₹8 Per share

OR

Savitri Ltd. issued 50,000, 8% Debentures of ₹ 100 each at certain rate of premium and to be redeemed at 10% premium. At the time of writing off Loss on Issue of Debentures, Statement

of Profit and Loss was debited with ₹ 2,00,000. At what rate of premium, these debentures were issued?

- (a) 10% (b) 16%  
(c) 6% (d) 4%

3. Amit and Vidya are partners sharing profits in the ratio of 3:2. They admit Chintan into partnership who takes  $\frac{1}{5}$ th of his share from Amit and  $\frac{4}{25}$ th share from Vidya. New Profit Sharing Ratio and Sacrificing Ratio will be: 1
- (a) New Profit Sharing Ratio 14:6:5 and Sacrificing Ratio 1:4  
(b) New Profit Sharing Ratio 14:5:6 and Sacrificing Ratio 1:4  
(c) New Profit Sharing Ratio 12:6:5 and Sacrificing Ratio 1:4  
(d) New Profit Sharing Ratio 14:6:5 and Sacrificing Ratio 4:1

4. Samar, Vani and Mani are partners, sharing profits in the ratio of 3:1:1. It was provided in the deed that Mani's share of profit will not be less than ₹ 1,20,000 per annum. Interest on Samar's Loan is to be paid ₹ 40,000. Loss of the firm for the year was ₹ 10,40,000 before interest on Samar's Loan. Net effect of the above will be 1
- (a) Loss of ₹ 10,40,000 will be distributed among Samar, Vani and Mani in 3:1:1 ratio.  
(b) Loss of ₹ 11,60,000 will be distributed among Samar, Vani and Mani in 3:1:1 ratio.  
(c) Loss of ₹ 12,00,000 will be distributed among Samar and Vani in 3:1 ratio.  
(d) Loss of ₹ 10,80,000 will be distributed among Samar, Vani and Mani in 3:1:1 ratio.

5. Alex Ltd. purchased building from Shireen Ltd for ₹8,00,000. The consideration was paid by issue of 6% Debentures of ₹100 each at a discount of 20%. The 6% Debentures account is credited with: 1
- (a) ₹10,40,000 (b) ₹10,00,000  
(c) ₹9,60,000 (d) ₹6,40,000

OR

Which of the following statements is incorrect about debentures?

- (a) Interest on debentures is an appropriation of profits.  
(b) Debenture holders are the creditors of a company.  
(c) Debentures can be issued to vendors at discount.  
(d) Interest is not paid on Debentures issued as Collateral Security.
6. X, Y and Z who are presently sharing Profit and losses in the ratio of 5:3:2, decide to share profits and losses in the ratio of 2:3:5 with effect from 1st April, 2023. Workmen Compensation Reserve is ₹ 1,20,000 in the Balance Sheet as at 31st March, 2023. 1
- At the time of reconstitution, certain amount of Claim of Workmen Compensation was determined. As a result, Y's share in surplus Workmen Compensation Reserve is ₹ 31,500. Claim for Workmen Compensation Reserve is:
- (a) ₹ 12,500 (b) ₹ 14,500  
(c) ₹ 15,000 (d) ₹ 21,000

OR

X and Y are partners with capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively. Interest payable on capitals is 10%. Find the interest on capital for both the partners when the profit earned by the firm is ₹ 48,000.

- (a) ₹ 50,000 and ₹ 30,000 (b) ₹ 30,000 and ₹ 18,000  
(c) ₹ 30,000 and ₹ 50,000 (d) ₹ 18,000 and ₹ 30,000



7. X, Y and Z are partners in a firm sharing profits in the ratio of 3:2:1. Z is guaranteed minimum profit of ₹ 20,000 as his share of profit every year. Firm earned profit of ₹ 90,000 during the year. Partners will get: 1
- |     | X                 | Y        | Z        |
|-----|-------------------|----------|----------|
| (a) | ₹ 40,000          | ₹ 30,000 | ₹ 20,000 |
| (b) | ₹ 45,000          | ₹ 30,000 | ₹ 15,000 |
| (c) | ₹ 42,000          | ₹ 28,000 | ₹ 20,000 |
| (d) | None of the Above |          |          |

OR

X, Y and Z are partners sharing profits in the ratio of 4:3:2. Y retired and his capital after making adjustment for reserves and profit on revaluation was determined to be ₹ 4,64,000. X and Z agreed to pay him ₹ 5,00,000 in settlement of his dues. For the excess amount given, X was debited by ₹ 19,500. Determine the value of firm's goodwill.

- (a) ₹ 1,84,000 (b) ₹ 1,06,000  
(c) ₹ 1,62,000 (d) ₹ 1,08,000
8. Gross Profit of a Partnership Firm is ₹ 5,12,500 and indirect expenses (before manager's commission) is ₹ 17,500. Manager is entitled to a commission of 10% on net profit after charging commission. Managers Commission will be: 1
- (a) ₹ 48,750 (b) ₹ 50,000  
(c) ₹ 45,000 (d) ₹ 49,500

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

Amit and Vidya started a business in partnership on 1<sup>st</sup> April, 2022 with capitals of ₹ 20,00,000 and ₹ 10,00,000 respectively. During the year, Amit withdrew ₹ 10,000 in the beginning of every month and Vidya withdrew ₹ 20,000 at the end of every month. The terms of Partnership Deed are:

- Interest on Capital @ 12% p.a. and interest is to be charged on Drawings @ 6% p.a.
- Amit is to get a monthly salary of ₹ 25,000.
- Vidya is entitled to a commission @ 10% on profits after charging Amit's salary and her own commission.
- 20% of the distributable profits to be transferred to General Reserve.
- Sharing of profit or loss will be in the ratio of their capital contribution.

Profit before making above appropriations was ₹ 36,00,000.

9. Vidya's Commission will be 1
- (a) ₹ 2,50,000 (b) ₹ 2,80,000  
(c) ₹ 3,00,000 (d) ₹ 3,20,000
10. Amount transferred to General Reserve will be 1
- (a) ₹ 5,20,000 (b) ₹ 5,30,000  
(c) ₹ 4,41,750 (d) ₹ 5,30,200
11. Assertion (A): Tetra Ltd. is registered with an authorized capital of 50,000 Equity Shares of ₹ 100 each of which 20,000 Equity Shares were issued and subscribed. All the money had been called up except ₹ 25 per share which was declared as 'Reserve Capital'. Share Capital shown in Balance Sheet as 'Subscribed and Fully Paid-up' will be nil. 1
- Reason (R): Reserve Capital can be used only at the time of winding up.
- In the context of the above two statements, which of the following is correct?
- (a) Assertion (A) is correct but Reason (R) is incorrect.

- (b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)  
 (c) Both Assertion (A) and Reason (R) are incorrect.  
 (d) Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation of Assertion (A).

12. When a partner draws fixed amount for 6 months in the beginning of each month beginning 1<sup>st</sup> October, interest on drawings (at an agreed rate) will be equal to interest of 1  
 (a) 2.5 months (b) 1.5 months  
 (c) 3.5 months (d) 3 months  
 OR  
 Ankit and Vikas are partners in a firm. Which of the claims is valid in the absence of an agreement?  
 (a) Ankit is an active partner and wants a salary of ₹ 1,00,000 per year.  
 (b) Vikas had advanced a loan to the firm and claims interest @ 10% p.a.  
 (c) Vikas wants interest on capital to be credited @ 6% p.a.  
 (d) Capitals contributed by Ankit and Vikas are ₹ 10,00,000 and ₹ 25,00,000 respectively. Ankit wants that profits be shared equally.
13. On dissolution of the partnership firm of A, B and C, the accumulated profits of ₹ 40,000 will be transferred to 1  
 (a) Revaluation Account (b) Realisation Account  
 (c) Partners' Capitals Account (d) Bank Account
14. Newfound Ltd took over business of Old land ltd and paid for it by issue of 30,000, Equity Shares of ₹100 each at a par along with 6% Preference Shares of ₹1,00,00,000 at a premium of 5% and a cheque of ₹8,00,000. What was the total agreed purchase consideration payable to Old Land ltd. 1  
 (a) ₹1,05,00,000 (b) ₹1,43,00,000  
 (c) ₹1,40,00,000 (d) ₹1,35,00,000
15. Alok Ltd. forfeited 60 shares of ₹ 10 each issued at a premium of 20% to Manav who had applied for 72 shares, for non-payment of allotment money of ₹ 5 per share (including premium) and first and final call of ₹ 5 per share. Out of these, 20 shares were reissued to Kamal, credited as fully paid for ₹ 9 per share. The gain on reissue is: 1  
 (a) ₹ 144 (b) ₹ 124  
 (c) ₹ 48 (d) ₹ 28
16. A and B are partners in a firm sharing profit in the ratio of 3:2. Capitals of A and B after adjustments are ₹ 2,40,000 and ₹ 1,80,000 respectively. They admit C as a partner on his capital contribution of ₹ 1,05,000. New Profit Sharing Ratio of partners is to be 5:3:2. Capital Accounts of old partners are to be proportionate of their profit sharing ratio adjusted on the basis of C's Capital. Surplus Capital to be paid to B will be: 1  
 (a) ₹ 15,000 (b) ₹ 18,000  
 (c) ₹ 22,500 (d) ₹ 24,000
17. Chrome Ltd. took over assets ₹ 6,00,000 and liabilities ₹ 40,000 of Polymer Ltd. for ₹ 6,30,000. Chrome Ltd. issued 10% Debentures of ₹100 each at a discount of 10% to Polymer Ltd. in satisfaction of purchase consideration. It has balance of ₹ 30,000 in Securities Premium Account. 3



You are required to pass the necessary Journal Entries to record the above transactions in the books of Chrome Ltd.

OR

Smart Ltd. took loan of ₹ 10,00,000 from State Bank of India interest being @ 10% p.a. It issued ₹ 15,00,000, 10% Debentures of ₹ 200 each as Collateral Security. Pass necessary Journal Entries for the above transactions.

- (i) When company decides not to record the issue of 10% Debentures as Collateral Security.
- (ii) When company decides to record the issue of 10% Debentures as Collateral Security.

18. Calculate goodwill of a firm on the basis of three years purchases of the Weighted Average Profits of the last four years. The profits of the last four years were: 3

Year (Ending 31 <sup>st</sup> March)	2020	2021	2022	2023
Amount ₹	28,000	27,000	46,900	53,810

(a) On 1st April, 2020 a major plant repair was undertaken for ₹10,000 which was charged to revenue. The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10% on reducing balance method.

(b) For the purpose of calculating Goodwill the company decided that the years ending 31.03.2020 and 31.03.2021 be weighted as 1 each (being COVID affected) and for year ending 31.03.2022 and 31.03.2023 weights be taken as 2 and 3 respectively.

19. A, B and C are partners sharing profits in the ratio of 4:3:2. B retired and his capital after making adjustments for reserves and profit on revaluation was ₹ 46,400. A and C agreed to pay him certain amount in settlement of his claim. Journal Entry for Goodwill passed was as given below: 3

Journal

Date	Particulars	L/F	Dr. ₹	Cr. ₹
	A's Capital A/c Dr.		1,950	
	C's Capital A/c Dr.		1,650	
	To B's Capital A/c			3,600
	(Being B's share of goodwill adjusted in the Capital Accounts of gaining partners in gaining ratio)			

Calculate the amount agreed to be paid to B and New Profit Sharing Ratio of A and C. Show all workings clearly.

20. Peter, Max and Som were partners in a firm sharing profits and losses in the ratio of 4:2:1. Their fixed capitals were ₹ 40,000, ₹ 30,000 and ₹ 30,000 respectively. Som was guaranteed minimum annual profit ₹ 39,000 by the firm. 3

It was decided that deficit arising because of the guarantee would be shared by Peter and Max equally. Profit of the firm for the year ended 31<sup>st</sup> March, 2023 was ₹ 1,47,000.

You are required to prepare Profit and Loss Appropriation Account for the year 2022-23 showing the distribution of profit.

OR

Pranav, Karan and Rahim were partners sharing profits in the ratio of 3:2:1. Their capitals were ₹ 5,00,000, ₹ 3,00,000 and ₹ 2,00,000 respectively as on 1<sup>st</sup> April, 2023. According to the partnership deed, they were entitled to interest on capital @ 10% p.a. For the year ended 31<sup>st</sup> March, 2023, profit of ₹ 78,000 was distributed among the partners without providing for interest on capitals.

Pass the necessary adjusting entry and show the working.

Rg

21. Italian Lemon Ltd. issued 30,000 Equity Shares of ₹ 100 each at a premium of ₹ 20 per share payable ₹ 30 per share on application, ₹ 50 per share on allotment including premium and ₹ 40 per share on first and final call. 4
- All the shares were subscribed, amount due on shares were received except from Ashna, holding 300 shares who did not pay allotment and call money and Neelam holding 400 shares who did not pay the first and final call money.
- Their shares were forfeited. Out of the forfeited shares 450 shares (including all shares of Ashna) were reissued to Raju @ ₹ 80 per share as fully paid.
- Show the presentation of Share Capital in the Balance Sheet of the company.
22. Nisha, Kamal and Vijay had an automobile spare parts business. Due to strained relationship among the partners, they were unable to take collective decisions for the growth of the business. As a result, firm has been in losses for the last 3 years. The partners decided to dissolve the firm. 4
- Following transactions took place at the time of dissolution.
- (i) Shiv, a creditor, to whom ₹ 6,000 were due, accepted office equipment at ₹ 4,000 and the balance was paid to him.
  - (ii) Investment, which appeared in the books at ₹ 1,00,000, half of it taken by Mohan, a creditor, at 10% above the book value in settlement of his claim and the remaining half was sold in the market at a loss of 30%.
  - (iii) Loan of ₹ 50,000 advanced by Nisha to the firm was repaid.
  - (iv) Loss on realisation ₹ 30,000 was distributed among the partners equally.
- Journalise the above transactions at the time of dissolution of the firm.
23. A, B and C were partners sharing Profit and Loss in the ratio 5:3:2. A died on 30th June, 2019. Entry for treatment of goodwill after his death was passed as follows:- 6

Date	Particulars		Dr. ₹	Cr. ₹
	B's Capital A/c Dr.		1,80,000	
	C's Capital A/c Dr.		1,20,000	
	To A's Capital A/c			3,00,000
	(Entry for goodwill treatment passed at the time of death of partner)			

A's profit till date of death was estimated as ₹ 1,20,000, based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as ₹ 8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him Furniture valued for the same and balance was to be paid in three equal annual instalments starting from 30 June, 2020, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932.

Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors account till final settlement.

24. Pass necessary journal entries for the issue of debentures in the books of YK Ltd.: 6
- (i) Issued 500, 9% debentures of ₹ 1,000 each at par, redeemable at par.
  - (ii) Issued ₹ 20,00,000; 10% Debentures at 6% discount, redeemable at par.
  - (iii) Issued 2000, 8% debentures of ₹ 100 each at a discount of 2%, redeemable at a premium of 4%.
25. Pass entries for forfeiture and re-issue in both the following cases. 6



(a) Vikram Ltd. forfeited 5,000 shares of Rahul, who had applied for 6,000 shares for non-payment of allotment money of ₹ 5 per share and first and final call of ₹ 2 per share. Only application money of ₹ 3 was paid by him. Out of these 3,000 shares were re-issued @ ₹ 12 per share as fully paid.

(b) Ratan Ltd. forfeited 3,000 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.

OR

Shakti Ltd. invited applications for issuing 1,00,000 Shares of ₹ 10 each at a premium of ₹ 2 per share. The amount was payable as ₹ 4 on application (including premium); ₹ 5 on Allotment and balance on call. Applications were received shares for 1,80,000 of which Applications for 30,000 shares were rejected and remaining applicants were allotted on pro-rata basis. Manav, holding 5,000 shares failed to pay call money and his shares were forfeited. Out of these 2,000 shares were re-issued at premium of ₹ 3 per share.

Prepare Cash Book and pass necessary entries.

26. Ram and Shyam were partners in a firm sharing profits and losses in the ratio of 5:3. They admitted Vijay as a partner for  $\frac{1}{3}$ <sup>rd</sup> share in the profits. Vijay was to contribute ₹ 20,000 as his capital. The Balance Sheet of Ram and Shyam on 1<sup>st</sup> April, 2023 the date of Shyam's admission was as follows:

6

Liabilities	₹	Assets	₹
Capital A/cs:		Building	25,000
Ram 50,000		Machinery	30,000
Shyam 35,000	85,000	Stock	15,000
General Reserve	16,000	Debtors 20,000	
Creditors	27,000	Less: Provision for Doubtful	
		Debts 1,500	18,500
		Cash at Bank	39,500
	1,28,000		1,28,000

Other terms agreed upon were:

- Goodwill of the firm was valued ₹ 12,000.
- Building were to be valued at ₹ 35,000 and Machinery at ₹ 25,000.
- The Provision for Doubtful Debts was found to be in excess by ₹ 400.
- A liability for ₹ 1,000 included in sundry creditors was not payable.
- Capitals of the partners be adjusted on the basis of Vijay's contribution of capital in the firm.
- Profit on Revaluation is ₹ 6,400.
- Excess or shortfall, if any, are to be transferred to Current Accounts.

Prepare Partners' Capital Accounts and the Balance Sheet of the new firm.

OR

Balance Sheet of Alka, Harpreet and Shreya who were sharing profits and losses in the ratio of  $\frac{1}{2}$ ,  $\frac{1}{3}$  and  $\frac{1}{6}$  respectively, was as follows on 1<sup>st</sup> April, 2023.

Liabilities	₹	Assets	₹
Sundry Creditors	18,900	Cash at Bank	25,650
Capital Acs:		Debtors	23,200
Alka 40,000		Stock	22,300
Harpreet 25,000		Furniture	3,500
Shreya 20,000	85,000	Machinery	9,750
Profit & Loss A/c	4,500	Building	24,000

	1,08,400	1,08,400
--	----------	----------

Alka retired from the business on 1<sup>st</sup> April, 2023 and her share in the firm was to be ascertained on the revaluation of assets as follows:

Stock ₹ 20,000; Furniture ₹ 3,000; Machinery ₹ 9,000; Building ₹ 20,000; ₹ 850 was to be provided for doubtful debts. The goodwill of the firm was valued at ₹ 6,000. Alka was to be paid ₹ 11,050 in cash on retirement and the balance in two equal yearly instalments with interest at 9% per annum.

Prepare Partners' Capital Accounts and Alka's Loan Account until she is paid the amount due to her.

#### PART B

##### (Analysis of Financial Statements)

27. Inventory Turnover Ratio of a company is 5 times. Which of the following transactions will decrease this ratio? 1
- (a) Purchase of Stock-in-Trade ₹ 50,000  
 (b) Purchase Returns ₹ 20,000  
 (c) Revenue from Operations on sale of Stock-in-Trade costing ₹ 20,000 for ₹ 25,000.  
 (d) Stock-in-Trade costing ₹ 10,000 distributed as free samples.

28. Pluto Ltd. provides you the following information: 1

Particulars	Closing ₹	Opening ₹
Equity Share Capital	4,00,000	3,00,000
10% Preference Share Capital	1,00,000	1,50,000
Securities Premium	15,000	5,000
10% Debentures	4,00,000	3,00,000

Dividend paid on Equity Shares ₹ 30,000. Dividend paid on Preference Shares ₹15,000. New debentures have been issued at the end of the year.

Calculate Cash Flow from Financing Activities

- (a) ₹ 70,000 (b) ₹ 75,000  
 (c) ₹ 80,000 (d) ₹ 85,000

OR

Assertion (A): Cash Equivalents are held for the purpose of short term cash commitments rather than for investment or other purposes.

Reason (R): Transactions which are movements between items of Cash or Cash Equivalents are Cash Flow.

In the context of the above two statements, which of the following is correct.

- (a) Assertion (A) is correct but Reason (R) is incorrect.  
 (b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)  
 (c) Both Assertion (A) and Reason (R) are incorrect.  
 (d) Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation of Assertion (A).
29. Which one of the following statements is incorrect? 1
- (a) Liquidity Ratios are calculated to measure short term solvency of the business.  
 (b) Current Ratio is also known as Acid Test Ratio  
 (c) Solvency Ratios are calculated to determine the ability of the business to service its debt in the long run  
 (d) Proprietary Ratio expresses the relationship of Proprietor's Funds to Net Assets/Total Assets.

OR



A company has an Operating Cycle of eight months. It has Trade Receivable of ₹ 1,00,000 out of which ₹ 60,000 have maturity period of 11 months. How would this information be presented in the Balance Sheet?

- (a) ₹ 40,000 as Current Assets and ₹ 60,000 as Non-Current Assets
- (b) ₹ 60,000 as Current Assets and ₹ 40,000 as Non-Current Assets
- (c) ₹ 1,00,000 as Non-Current Assets
- (d) ₹ 1,00,000 as Current Assets

30. Which of the following activities are Operating Activities for the purpose of preparing 'Cash Flow Statement'.

- (i) Dividend and Interest Received on Securities
- (ii) Payment of Employee Benefit Expense
- (iii) Cash Receipts from Royalties and Fees
- (iv) Issue of Shares against Purchase of Machinery

- (a) (i); (ii) and (iii)
- (b) (ii) and (iii)
- (c) (i); (ii) and (iv)
- (d) (ii); (iii) and (iv)

31. State the major heads and sub heads (if any) under which the following items will be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013.

(i)	Goods purchased for Trading
(ii)	Provision for Tax
(iii)	Provision for Warranties
(iv)	Securities Premium
(v)	Current Maturities of Long-term Debts
(vi)	Computer and Computer Equipment

32. (a) A company earns Gross Profit of 25% on cost. For the year ended 31<sup>st</sup> March, 2023, its Gross Profit was ₹ 5,00,000; Equity Share Capital of the company was ₹ 10,00,000; Reserves and Surplus ₹ 2,00,000; Long-term Loans ₹ 3,00,000 and Non-current Assets were ₹ 10,00,000. Compute the 'Working Capital Turnover Ratio' of the company.

(b) Y Ltd.'s profit after interest and tax was ₹ 1,00,000. Its Current Assets were ₹ 4,00,000; Current Liabilities ₹ 2,00,000; Fixed Assets ₹ 6,00,000 and 10% Long-term Debt ₹ 4,00,000. The rate of tax was 20%. Calculate 'Return on Investment' of Y Ltd.

33. From the following Balance Sheet of Ozone Fitness Ltd. as at 31<sup>st</sup> March, 2023 and 2022, prepare a Comparative Balance Sheet.

Balance Sheet of Ozone Fitness Ltd.  
as at 31<sup>st</sup> March, 2023 and 2022

Particulars	Note No	31 <sup>st</sup> March, 2023 ₹	31 <sup>st</sup> March, 2022 ₹
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital		20,00,000	15,00,000
(b) Reserves and Surplus		3,00,000	4,00,000
2. Non-Current Liabilities			
Long Term Borrowings		9,00,000	6,00,000
3. Current Liabilities			

Trade Payables		3,00,000	2,00,000
Total		<b>35,00,000</b>	<b>27,00,000</b>
II. Assets			
1. Non-Current Assets			
Property, Plant and Equipment and Intangible Assets:			
(i) Property, Plant and Equipment		20,00,000	15,00,000
(ii) Intangible		9,00,000	6,00,000
2. Current Assets			
(a) Inventories		3,00,000	4,00,000
(b) Cash and Cash Equivalent		3,00,000	2,00,000
Total		<b>35,00,000</b>	<b>27,00,000</b>

OR

From the following Statement of Profit & Loss, prepare a Common-size Statement of Profit & Loss of Shiva Ltd. for the year ended 31<sup>st</sup> March, 2023:

Particulars	Note No.	₹
Income		
Revenue from Operations		25,38,000
Other Income		38,000
Total Income		<b>25,76,000</b>
Expenses		
Cost of Materials Consumed		14,00,000
Other Expenses		5,00,000
Total Expenses		<b>19,00,000</b>
Tax		3,38,000

34. Read the following hypothetical text and answer the questions given below on the basis thereof: 6  
 Aditi, initiated her start up 'Fizz Ltd.' in 2019. 'Fizz Ltd.' is an organic juice extracting unit. Its profits are increasing year-after-year because of the increasing awareness towards health. Following information has been extracted from the Balance Sheet of 'Fizz Ltd.' for the year ended 31<sup>st</sup> March, 2023:

Particulars	31 <sup>st</sup> March, 2023 (₹)	31 <sup>st</sup> March, 2022 (₹)
Equity Share Capital	90,00,000	60,00,000
11% Debentures	30,00,000	50,00,000
Machinery (At Cost)	28,00,000	20,00,000
Accumulated Depreciation on Machinery	90,000	60,000

Additional Information:

- During the year, a machine costing ₹ 4,00,000 was sold at a gain of ₹ 30,000.
  - Depreciation charged on machinery during the year was ₹ 50,000.
  - Interest paid on 11% debentures amounted to ₹ 5,50,000.
  - Dividend of ₹ 3,00,000 was paid on equity shares.
  - Debentures were redeemed at a premium of 10% on 31<sup>st</sup> March, 2023
- Calculate Cash Flow of 'Fizz Ltd.' from 'Investing Activities' and 'Financing Activities'.

\*\*\*\*END OF THE QUESTION PAPER\*\*\*\*

ROLL NUMBER				
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CODE NUMBER	055/1/3
SET NUMBER	3



**INDIAN SCHOOL MUSCAT  
FIRST PRE BOARD EXAMINATION 2023  
ACCOUNTANCY (055)**



CLASS : XII  
DATE: 26-11-2023

TIME ALLOTTED : 3 HRS.  
MAXIMUM 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 Accounting for Partnership Firms and Companies
4. Part - B is Analysis of Financial Statements
5. Question Nos.1 to 16 and 27 to 30 carries 1 mark each.
6. Questions Nos. 17 to 20, 31 and 32 carries 3 marks each.
7. Questions Nos. from 21, 22 and 33 carries 4 marks each
8. Questions Nos. 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. A company forfeited 4,000 shares of ₹10 each on which application money of ₹3 has been paid. Out of these 2,000 shares were reissued as fully paid up and ₹4,000 has been transferred to capital reserve. Calculate the rate at which these shares were reissued. 1

- (a) ₹10 Per share (b) ₹9 Per share  
(c) ₹11 Per share (d) ₹8 Per share

OR

Savitri Ltd. issued 50,000, 8% Debentures of ₹ 100 each at certain rate of premium and to be redeemed at 10% premium. At the time of writing off Loss on Issue of Debentures, Statement of Profit and Loss was debited with ₹ 2,00,000. At what rate of premium, these debentures were issued?

- (a) 10% (b) 16%  
(c) 6% (d) 4%

2. Ram and Shyam are partners in a firm sharing profits in the ratio of 3:2. They admitted Mohan as a partner for  $\frac{1}{4}$ th share in the profits of the firm. Mohan brings ₹1,00,000 for his share of goodwill. Following entry is passed when Mohan's share of Goodwill is credited to sacrificing partners: 1

Date	Particulars	LF	Dr. ₹	Cr. ₹
	Premium for Goodwill A/c Dr.		1,00,000	
	To Ram's Capital A/c			40,000
	To Shyam's Capital A/c			60,000
	(Mohan's share of goodwill credited to sacrificing partners)			

RQ

New profit-sharing ratio of Ram, Shyam and Mohan will be

- (a) 5:4:3 (b) 5:1:2  
(c) 7:5:4 (d) 2:1:1

3. Assertion (A): Partnership is the relation between persons who have agreed to share profits of the business carried on by all or any of them acting for all. 1  
Reason (R): If a partner carries on any business of the same nature competing with that of the firm, he/she shall account for and pay to the firm all profit earned by him/her in the business.  
In the context of the above two statements, which of the following is correct?  
(a) Assertion (A) is correct but Reason (R) is incorrect.  
(b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)  
(c) Both Assertion (A) and Reason (R) are incorrect.  
(d) Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation of Assertion (A).
4. Alex Ltd. purchased building from Shireen Ltd for ₹8,00,000. The consideration was paid by issue of 6% Debentures of ₹100 each at a discount of 20%. The 6% Debentures account is credited with: 1  
(a) ₹10,40,000 (b) ₹10,00,000  
(c) ₹9,60,000 (d) ₹6,40,000  
OR  
Which of the following statements is incorrect about debentures?  
(a) Interest on debentures is an appropriation of profits.  
(b) Debenture holders are the creditors of a company.  
(c) Debentures can be issued to vendors at discount.  
(d) Interest is not paid on Debentures issued as Collateral Security.
5. X, Y and Z who are presently sharing Profit and losses in the ratio of 5:3:2, decide to share profits and losses in the ratio of 2:3:5 with effect from 1st April, 2023. Workmen Compensation Reserve is ₹ 1,20,000 in the Balance Sheet as at 31st March, 2023. 1  
At the time of reconstitution, certain amount of Claim of Workmen Compensation was determined. As a result, Y's share in surplus Workmen Compensation Reserve is ₹ 31,500. Claim for Workmen Compensation Reserve is:  
(a) ₹ 12,500 (b) ₹ 14,500  
(c) ₹ 15,000 (d) ₹ 21,000  
OR  
X and Y are partners with capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively. Interest payable on capitals is 10%. Find the interest on capital for both the partners when the profit earned by the firm is ₹ 48,000.  
(a) ₹ 50,000 and ₹ 30,000 (b) ₹ 30,000 and ₹ 18,000  
(c) ₹ 30,000 and ₹ 50,000 (d) ₹ 18,000 and ₹ 30,000
6. Sanjit, Vijay and Manav are partners, sharing profits in the ratio of 3:1:1. It was provided in the deed that Manav's share of profit will not be less than ₹ 30,000 per annum. Interest on Sanjit's Loan is to be paid ₹ 10,000. Loss of the firm for the year was ₹ 2,60,000 before interest on Sanjit's Loan. Net effect of the above will be 1  
(a) Loss of ₹ 2,60,000 will be distributed among Sanjit, Vijay and Manav in 3:1:1 ratio.  
(b) Loss of ₹ 2,90,000 will be distributed among Sanjit, Vijay and Manav in 3:1:1 ratio.  
(c) Loss of ₹ 3,00,000 will be distributed among Sanjit and Vijay in 3:1 ratio.  
(d) Loss of ₹ 2,70,000 will be distributed among Sanjit, Vijay and Manav in 3:1:1 ratio.



7. Gross Profit of a Partnership Firm is ₹ 10,25,000 and indirect expenses (before manager's commission) is ₹ 35,000. Manager is entitled to a commission of 10% on net profit after charging commission. Managers Commission will be: 1
- (a) ₹ 97,500 (b) ₹ 1,00,000  
(c) ₹ 90,000 (d) ₹ 99,000

8. Assertion (A): Tetra Ltd. is registered with an authorized capital of 50,000 Equity Shares of ₹ 100 each of which 20,000 Equity Shares were issued and subscribed. All the money had been called up except ₹ 25 per share which was declared as 'Reserve Capital'. Share Capital shown in Balance Sheet as 'Subscribed and Fully Paid-up' will be nil. 1
- Reason (R): Reserve Capital can be used only at the time of winding up.  
In the context of the above two statements, which of the following is correct?
- (a) Assertion (A) is correct but Reason (R) is incorrect.  
(b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)  
(c) Both Assertion (A) and Reason (R) are incorrect.  
(d) Both Assertion (A) and Reason (R) are correct, and Reason (R) is the correct explanation of Assertion (A).

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

Amit and Vidya started a business in partnership on 1<sup>st</sup> April, 2022 with capitals of ₹ 20,00,000 and ₹ 10,00,000 respectively. During the year, Amit withdrew ₹ 10,000 in the beginning of every month and Vidya withdrew ₹ 20,000 at the end of every month. The terms of Partnership Deed are:

- (i) Interest on Capital @ 12% p.a. and interest is to be charged on Drawings @ 6% p.a.
- (ii) Amit is to get a monthly salary of ₹ 25,000.
- (iii) Vidya is entitled to a commission @ 10% on profits after charging Amit's salary and her own commission.
- (iv) 20% of the distributable profits to be transferred to General Reserve.
- (v) Sharing of profit or loss will be in the ratio of their capital contribution.

Profit before making above appropriations was ₹ 36,00,000.

9. Vidya's Commission will be 1
- (a) ₹ 2,50,000 (b) ₹ 2,80,000  
(c) ₹ 3,00,000 (d) ₹ 3,20,000
10. Amount transferred to General Reserve will be 1
- (a) ₹ 5,20,000 (b) ₹ 5,30,000  
(c) ₹ 4,41,750 (d) ₹ 5,30,200
11. X, Y and Z are partners in a firm sharing profits in the ratio of 3:2:1. Z is guaranteed minimum profit of ₹ 20,000 as his share of profit every year. Firm earned profit of ₹ 90,000 during the year. Partners will get: 1
- |     | X                 | Y        | Z        |
|-----|-------------------|----------|----------|
| (a) | ₹ 40,000          | ₹ 30,000 | ₹ 20,000 |
| (b) | ₹ 45,000          | ₹ 30,000 | ₹ 15,000 |
| (c) | ₹ 42,000          | ₹ 28,000 | ₹ 20,000 |
| (d) | None of the Above |          |          |

OR

X, Y and Z are partners sharing profits in the ratio of 4:3:2. Y retired and his capital after making adjustment for reserves and profit on revaluation was determined to be ₹ 4,64,000. X and Z agreed to pay him ₹ 5,00,000 in settlement of his dues. For the excess amount given, X was debited by ₹ 19,500. Determine the value of firm's goodwill.

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- (a) ₹ 1,84,000 (b) ₹ 1,06,000  
(c) ₹ 1,62,000 (d) ₹ 1,08,000
12. On dissolution of the partnership firm of A, B and C, the accumulated profits of ₹ 40,000 will be transferred to 1  
(a) Revaluation Account (b) Realisation Account  
(c) Partners' Capitals Account (d) Bank Account
13. Newfound Ltd took over business of Old land ltd and paid for it by issue of 30,000, Equity Shares of ₹100 each at a par along with 6% Preference Shares of ₹1,00,00,000 at a premium of 5% and a cheque of ₹8,00,000. What was the total agreed purchase consideration payable to Old Land ltd. 1  
(a) ₹1,05,00,000 (b) ₹1,43,00,000  
(c) ₹1,40,00,000 (d) ₹1,35,00,000
14. Alok Ltd. forfeited 60 shares of ₹ 10 each issued at a premium of 20% to Manav who had applied for 72 shares, for non-payment of allotment money of ₹ 5 per share (including premium) and first and final call of ₹ 5 per share. Out of these, 20 shares were reissued to Kamal, credited as fully paid for ₹ 9 per share. The gain on reissue is: 1  
(a) ₹ 144 (b) ₹ 124  
(c) ₹ 48 (d) ₹ 28
15. P and Q are partners in a firm sharing profit in the ratio of 3:2. Capitals of P and Q after adjustments are ₹ 1,60,000 and ₹ 1,20,000 respectively. They admit R as a partner on his capital contribution of ₹ 70,000. New Profit Sharing Ratio of partners is to be 5:3:2. Capital Accounts of old partners are to be proportionate of their profit sharing ratio adjusted on the basis of R's Capital. Surplus Capital to be paid to Q will be: 1  
(a) ₹ 10,000 (b) ₹ 12,000  
(c) ₹ 15,000 (d) ₹ 16,000
16. When a partner draws fixed amount for 6 months in the beginning of each month beginning 1<sup>st</sup> October, interest on drawings (at an agreed rate) will be equal to interest of 1  
(a) 2.5 months (b) 1.5 months  
(c) 3.5 months (d) 3 months  
OR  
Ankit and Vikas are partners in a firm. Which of the claims is valid in the absence of an agreement?  
(a) Ankit is an active partner and wants a salary of ₹ 1,00,000 per year.  
(b) Vikas had advanced a loan to the firm and claims interest @ 10% p.a.  
(c) Vikas wants interest on capital to be credited @ 6% p.a.  
(d) Capitals contributed by Ankit and Vikas are ₹ 10,00,000 and ₹ 25,00,000 respectively. Ankit wants that profits be shared equally.
17. Calculate goodwill of a firm on the basis of three years purchases of the Weighted Average Profits of the last four years. The profits of the last four years were: 3
- | Year (Ending 31 <sup>st</sup> March) | 2020   | 2021   | 2022   | 2023   |
|--------------------------------------|--------|--------|--------|--------|
| Amount ₹                             | 28,000 | 27,000 | 46,900 | 53,810 |
- (a) On 1st April, 2020 a major plant repair was undertaken for ₹10,000 which was charged to revenue. The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10% on reducing balance method.  
(b) For the purpose of calculating Goodwill the company decided that the years ending 31.03.2020 and 31.03.2021 be weighted as 1 each (being COVID affected) and for year ending 31.03.2022 and 31.03.2023 weights be taken as 2 and 3 respectively.





18. P, Q and R are partners sharing profits in the ratio of 4:3:2. Q retired and his capital after making adjustments for reserves and profit on revaluation was ₹ 1,85,600. P and R agreed to pay him certain amount in settlement of his claim. Journal Entry for Goodwill passed was as given below: 3

Journal				
Date	Particulars	L/F	Dr. ₹	Cr. ₹
	P's Capital A/c Dr.		7,800	
	R's Capital A/c Dr.		6,600	
	To Q's Capital A/c			14,400
	(Being Q's share of goodwill adjusted in the Capital Accounts of gaining partners in gaining ratio)			

Calculate the amount agreed to be paid to Q and New Profit Sharing Ratio of P and R. Show all workings clearly.

19. Peter, Max and Som were partners in a firm sharing profits and losses in the ratio of 4:2:1. Their fixed capitals were ₹ 40,000, ₹ 30,000 and ₹ 30,000 respectively. Som was guaranteed minimum annual profit ₹ 39,000 by the firm. 3  
It was decided that deficit arising because of the guarantee would be shared by Peter and Max equally. Profit of the firm for the year ended 31<sup>st</sup> March, 2023 was ₹ 1,47,000.  
You are required to prepare Profit and Loss Appropriation Account for the year 2022-23 showing the distribution of profit.

OR

Pranav, Karan and Rahim were partners sharing profits in the ratio of 3:2:1. Their capitals were ₹ 5,00,000, ₹ 3,00,000 and ₹ 2,00,000 respectively as on 1<sup>st</sup> April, 2023. According to the partnership deed, they were entitled to interest on capital @ 10% p.a. For the year ended 31<sup>st</sup> March, 2023, profit of ₹ 78,000 was distributed among the partners without providing for interest on capitals.

Pass the necessary adjusting entry and show the working.

20. Chrome Ltd. took over assets ₹ 6,00,000 and liabilities ₹ 40,000 of Polymer Ltd. for ₹ 6,30,000. Chrome Ltd. issued 10% Debentures of ₹100 each at a discount of 10% to Polymer Ltd. in satisfaction of purchase consideration. It has balance of ₹ 30,000 in Securities Premium Account. 3  
You are required to pass the necessary Journal Entries to record the above transactions in the books of Chrome Ltd.

OR

Smart Ltd. took loan of ₹ 10,00,000 from State Bank of India interest being @ 10% p.a. It issued ₹ 15,00,000, 10% Debentures of ₹ 200 each as Collateral Security. Pass necessary Journal Entries for the above transactions.

- When company decides not to record the issue of 10% Debentures as Collateral Security.
- When company decides to record the issue of 10% Debentures as Collateral Security.

21. Nisha, Kamal and Vijay had an automobile spare parts business. Due to strained relationship among the partners, they were unable to take collective decisions for the growth of the business. As a result, firm has been in losses for the last 3 years. The partners decided to dissolve the firm. 4

Following transactions took place at the time of dissolution.

- Shiv, a creditor, to whom ₹ 6,000 were due, accepted office equipment at ₹ 4,000 and the balance was paid to him.

- (ii) Investment, which appeared in the books at ₹ 1,00,000, half of it taken by Mohan, a creditor, at 10% above the book value in settlement of his claim and the remaining half was sold in the market at a loss of 30%.
- (iii) Loan of ₹ 50,000 advanced by Nisha to the firm was repaid.
- (iv) Loss on realisation ₹ 30,000 was distributed among the partners equally.
- Journalise the above transactions at the time of dissolution of the firm.
22. Mexican Chilli Ltd. issued 20,000 Equity Shares of ₹ 100 each at a premium of ₹ 20 per share payable ₹ 30 per share on application, ₹ 50 per share on allotment including premium and ₹ 40 per share on first and final call. 4
- All the shares were subscribed, amount due on shares were received except from Ashish, holding 200 shares who did not pay allotment and call money and Neeraj holding 400 shares who did not pay the first and final call money.
- Their shares were forfeited. Out of the forfeited shares 300 shares (including all shares of Ashish) were reissued to Raji @ ₹ 80 per share as fully paid.
- Show the presentation of Share Capital in the Balance Sheet of the company.
23. Pass necessary journal entries for the issue of debentures in the books of YK Ltd.: 6
- (i) Issued 500, 9% debentures of ₹ 1,000 each at par, redeemable at par.
- (ii) Issued ₹ 20,00,000; 10% Debentures at 6% discount, redeemable at par.
- (iii) Issued 2000, 8% debentures of ₹ 100 each at a discount of 2%, redeemable at a premium of 4%.
24. Pass entries for forfeiture and re-issue in both the following cases. 6
- (a) Vikram Ltd. forfeited 5,000 shares of Rahul, who had applied for 6,000 shares for non-payment of allotment money of ₹ 5 per share and first and final call of ₹ 2 per share. Only application money of ₹ 3 was paid by him. Out of these 3,000 shares were re-issued @ ₹ 12 per share as fully paid.
- (b) Ratan Ltd. forfeited 3,000 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.
- OR
- Shakti Ltd. invited applications for issuing 1,00,000 Shares of ₹ 10 each at a premium of ₹ 2 per share. The amount was payable as ₹ 4 on application (including premium); ₹ 5 on Allotment and balance on call. Applications were received shares for 1,80,000 of which Applications for 30,000 shares were rejected and remaining applicants were allotted on pro-rata basis. Manav, holding 5,000 shares failed to pay call money and his shares were forfeited. Out of these 2,000 shares were re-issued at premium of ₹ 3 per share.
- Prepare Cash Book and pass necessary entries.
25. Ram and Shyam were partners in a firm sharing profits and losses in the ratio of 5:3. They admitted Vijay as a partner for  $\frac{1}{3}$ rd share in the profits. Vijay was to contribute ₹ 20,000 as his capital. The Balance Sheet of Ram and Shyam on 1<sup>st</sup> April, 2023 the date of Shyam's admission was as follows: 6

Liabilities	₹	Assets	₹
Capital A/cs:		Building	25,000
Ram 50,000		Machinery	30,000
Shyam 35,000	85,000	Stock	15,000
General Reserve	16,000	Debtors 20,000	
Creditors	27,000	Less: Provision for Doubtful Debts 1,500	18,500
		Cash at Bank	39,500
	1,28,000		1,28,000

Other terms agreed upon were:

- Goodwill of the firm was valued ₹ 12,000.
- Building were to be valued at ₹ 35,000 and Machinery at ₹ 25,000.
- The Provision for Doubtful Debts was found to be in excess by ₹ 400.
- A liability for ₹ 1,000 included in sundry creditors was not payable.
- Capitals of the partners be adjusted on the basis of Vijay's contribution of capital in the firm.
- Profit on Revaluation is ₹ 6,400.
- Excess or shortfall, if any, are to be transferred to Current Accounts.

Prepare Partners' Capital Accounts and the Balance Sheet of the new firm.

OR

Balance Sheet of Alka, Harpreet and Shreya who were sharing profits and losses in the ratio of 1/2, 1/3 and 1/6 respectively, was as follows on 1<sup>st</sup> April, 2023.

Liabilities	₹	Assets	₹
Sundry Creditors	18,900	Cash at Bank	25,650
Capital Acs:		Debtors	23,200
Alka 40,000		Stock	22,300
Harpreet 25,000		Furniture	3,500
Shreya 20,000	85,000	Machinery	9,750
Profit & Loss A/c	4,500	Building	24,000
	1,08,400		1,08,400

Alka retired from the business on 1<sup>st</sup> April, 2023 and her share in the firm was to be ascertained on the revaluation of assets as follows:

Stock ₹ 20,000; Furniture ₹ 3,000; Machinery ₹ 9,000; Building ₹ 20,000; ₹ 850 was to be provided for doubtful debts. The goodwill of the firm was valued at ₹ 6,000. Alka was to be paid ₹ 11,050 in cash on retirement and the balance in two equal yearly instalments with interest at 9% per annum.

Prepare Partners' Capital Accounts and Alka's Loan Account until she is paid the amount due to her.

26. A, B and C were partners sharing Profit and Loss in the ratio 5:3:2. A died on 30th June, 2019. Entry for treatment of goodwill after his death was passed as follows:- 6

Date	Particulars		Dr. ₹	Cr. ₹
	B's Capital A/c Dr.		1,80,000	
	C's Capital A/c Dr.		1,20,000	
	To A's Capital A/c			3,00,000
	(Entry for goodwill treatment passed at the time of death of partner)			

A's profit till date of death was estimated as ₹ 1,20,000, based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as ₹ 8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him Furniture valued for the same and balance was to be paid in three equal annual instalments starting from 30 June, 2020, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932.

Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors account till final settlement.

## PART B

(Analysis of Financial Statements)

27. Pluto Ltd. provides you the following information: 1

Particulars	Closing ₹	Opening ₹
Equity Share Capital	4,00,000	3,00,000

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10% Preference Share Capital	1,00,000	1,50,000
Securities Premium	15,000	5,000
10% Debentures	4,00,000	3,00,000

Dividend paid on Equity Shares ₹ 30,000. Dividend paid on Preference Shares ₹15,000. New debentures have been issued at the end of the year.

Calculate Cash Flow from Financing Activities

- (a) ₹ 70,000 (b) ₹ 75,000  
(c) ₹ 80,000 (d) ₹ 85,000

OR

Assertion (A): Cash Equivalents are held for the purpose of short term cash commitments rather than for investment or other purposes.

Reason (R): Transactions which are movements between items of Cash or Cash Equivalents are Cash Flow.

In the context of the above two statements, which of the following is correct.

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

28. Which one of the following statements is incorrect? 1

- (a) Liquidity Ratios are calculated to measure short term solvency of the business.  
(b) Current Ratio is also known as Acid Test Ratio  
(c) Solvency Ratios are calculated to determine the ability of the business to service its debt in the long run  
(d) Proprietary Ratio expresses the relationship of Proprietor's Funds to Net Assets/Total Assets.

OR

A company has an Operating Cycle of eight months. It has Trade Receivable of ₹ 1,00,000 out of which ₹ 60,000 have maturity period of 11 months. How would this information be presented in the Balance Sheet?

- (a) ₹ 40,000 as Current Assets and ₹ 60,000 as Non-Current Assets  
(b) ₹ 60,000 as Current Assets and ₹ 40,000 as Non-Current Assets  
(c) ₹ 1,00,000 as Non-Current Assets  
(d) ₹ 1,00,000 as Current Assets

29. On the basis of the following information, Capital Employed is: 1

Total Assets: ₹ 8,80,000; Non-current Assets ₹ 4,00,000; Current Ratio is 6:1

- (a) ₹ 6,00,000 (b) ₹ 5,00,000  
(c) ₹ 8,00,000 (d) ₹ 10,00,000

30. Which of the following transactions are shown under financing activities while preparing cash flow statement : 1

- (i) Issue of Equity Shares (ii) Cash Received from Debtors  
(iii) Redemption of Debentures (iv) Cash Paid Against Trade Payables

Choose the correct option :

- (a) (i) (b) (i) and (ii)  
(c) (i) and (iii) (d) (i), (ii) and (iv)



31. a) A company earns Gross Profit of 25% on cost. For the year ended 31<sup>st</sup> March, 2023, its Gross Profit was ₹ 5,00,000; Equity Share Capital of the company was ₹ 10,00,000; Reserves and Surplus ₹ 2,00,000; Long-term Loans ₹ 3,00,000 and Non-current Assets were ₹ 10,00,000. Compute the 'Working Capital Turnover Ratio' of the company. 3
- (b) Y Ltd.'s profit after interest and tax was ₹ 1,00,000. Its Current Assets were ₹ 4,00,000; Current Liabilities ₹ 2,00,000; Fixed Assets ₹ 6,00,000 and 10% Long-term Debt ₹ 4,00,000. The rate of tax was 20%. Calculate 'Return on Investment' of Y Ltd.
32. State the major heads and sub heads (if any) under which the following items will be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013. 3
- Securities Premium
  - Current Maturities of Long-term Debts
  - Provision for Tax
  - Provision for Warranties
  - Computer and Computer Equipment
  - Goods purchased for Trading
33. From the following Balance Sheet of Ozone Fitness Ltd. as at 31<sup>st</sup> March, 2023 and 2022, prepare a Comparative Balance Sheet. 4

Balance Sheet of Ozone Fitness Ltd.  
as at 31<sup>st</sup> March, 2023 and 2022

Particulars	Note No	31 <sup>st</sup> March, 2023 ₹	31 <sup>st</sup> March, 2022 ₹
<b>I. Equity and Liabilities</b>			
1. Shareholders' Funds			
(a) Share Capital		20,00,000	15,00,000
(b) Reserves and Surplus		3,00,000	4,00,000
2. Non-Current Liabilities			
Long Term Borrowings		9,00,000	6,00,000
3. Current Liabilities			
Trade Payables		3,00,000	2,00,000
<b>Total</b>		<b>35,00,000</b>	<b>27,00,000</b>
<b>II. Assets</b>			
1. Non-Current Assets			
Property, Plant and Equipment and Intangible Assets:			
(i) Property, Plant and Equipment		20,00,000	15,00,000
(ii) Intangible		9,00,000	6,00,000
2. Current Assets			
(a) Inventories		3,00,000	4,00,000
(b) Cash and Cash Equivalent		3,00,000	2,00,000
<b>Total</b>		<b>35,00,000</b>	<b>27,00,000</b>

OR

From the following Statement of Profit & Loss, prepare a Common-size Statement of Profit & Loss of Shiva Ltd. for the year ended 31<sup>st</sup> March, 2023:

Particulars	Note No.	₹
Income		
Revenue from Operations		25,38,000
Other Income		38,000
<b>Total Income</b>		<b>25,76,000</b>

Expenses		
Cost of Materials Consumed		14,00,000
Other Expenses		5,00,000
Total Expenses		<b>19,00,000</b>
Tax		3,38,000

34. Read the following hypothetical text and answer the questions given below on the basis thereof: 6  
 Aditi, initiated her start up 'Fizz Ltd.' in 2019. 'Fizz Ltd.' is an organic juice extracting unit. Its profits are increasing year-after-year because of the increasing awareness towards health. Following information has been extracted from the Balance Sheet of 'Fizz Ltd.' for the year ended 31<sup>st</sup> March, 2023:

Particulars	31 <sup>st</sup> March, 2023 (₹)	31 <sup>st</sup> March, 2022 (₹)
Equity Share Capital	90,00,000	60,00,000
11% Debentures	30,00,000	50,00,000
Machinery (At Cost)	28,00,000	20,00,000
Accumulated Depreciation on Machinery	90,000	60,000

Additional Information:

- During the year, a machine costing ₹ 4,00,000 was sold at a gain of ₹ 30,000.
  - Depreciation charged on machinery during the year was ₹ 50,000.
  - Interest paid on 11% debentures amounted to ₹ 5,50,000.
  - Dividend of ₹ 3,00,000 was paid on equity shares.
  - Debentures were redeemed at a premium of 10% on 31<sup>st</sup> March, 2023
- Calculate Cash Flow of 'Fizz Ltd.' from 'Investing Activities' and 'Financing Activities'.

\*\*\*\*END OF THE QUESTION PAPER\*\*\*\*