



INDIAN SCHOOL MUSCAT

FINAL EXAMINATION

ACCOUNTANCY

CLASS: XII

Sub. Code: 055

Time Allotted: 3 Hrs.

27.01.2021

Max. Marks: 80

General Instructions:

1. This question paper comprises two Parts – A and B. There are 32 questions in the question paper. All questions are compulsory.
2. Part A is compulsory for all candidates.
3. Part B has two options i.e. (1) Analysis of Financial Statements and (2) Computerized Accounting. **You have to attempt only one of the given options.**
4. Question nos. 1 to 13 and 23 to 29 are very short answer type questions carrying 1 mark each.
5. Question nos. 14 and 30 are short answer type–I questions carrying 3 marks each.
6. Question nos. 15 to 18 and 31 are short answer type–II questions carrying 4 marks each.
7. Question nos. 19, 20 and 32 are long answer type–I questions carrying 6 marks each.
8. Question nos. 21 and 22 are long answer type–II questions carrying 8 marks each.
9. There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, 2 questions of four marks and 2 questions of eight marks.

Part- A

(Accounting for Not for Profit organizations, Partnership firms and Companies)

1. Sunil and Sudhir sharing profits in the ratio of 3:2 They admit Sanju as partner and decide to share future profits equally. What will be the sacrifice and/or gain of Sunil and Sudhir? 1
 - (a) Sunil's sacrifice $\frac{1}{15}$ and Sudhir's sacrifice $\frac{4}{15}$
 - (b) Sunil's gain $\frac{4}{15}$ and Sudhir's sacrifice $\frac{1}{15}$
 - (c) Sunil's sacrifice $\frac{4}{15}$ and Sudhir's sacrifice $\frac{1}{15}$
 - (d) Sunil's gain $\frac{1}{15}$ and Sudhir's sacrifice $\frac{4}{15}$
2. Subscription received during the year ended 31st March, 2020 was ₹ 3,00,000 Subscription Receivable (Opening) was ₹ 25,000 and Subscription Receivable (Closing) was ₹ 45,000 What will be the amount of subscription credited to Income and Expenditure Account for the year ended 31st March, 2020? 1
 - (a) ₹ 3,20,000
 - (b) ₹ 3,25,000
 - (c) ₹ 3,45,000
 - (d) ₹ 2,25,000
3. X, Y and Z are partners sharing profits in the ratio of 4:3:1. Y retires and gives his share to X and Z in the ratio of 4:5. New profit sharing ratio between X and Z will be 1
 - (a) 2:1
 - (b) 4:5
 - (c) 3:1
 - (d) 5:4
4. Chaman withdrew ₹ 2,00,000 against capital besides withdrawing ₹ 10,000 every month at the end of the month. If interest on drawings is charged @ 8% p.a., what will be the amount of interest? 1
 - (a) ₹ 9,600
 - (b) ₹ 5,400
 - (c) ₹ 4,400
 - (d) ₹ 4,800

- 5 Mother Ltd. forfeited 300 shares of ₹ 10 each, fully called up, held by Ram for non-payment of allotment money of ₹ 3 per share and final call money of ₹ 4 per share. Out of these shares, 250 shares were reissued to Shyam for ₹ 2,000 as fully paid up. The gain on reissue is 1
 (a) ₹ 900 (b) ₹ 400
 (c) ₹ 750 (d) ₹ 250
- 6 At the time of dissolution, all assets are transferred to Realisation Account at their: 1
 (a) Realised Value (b) Market Value
 (c) Book Value (d) Cost or Market Price whichever is less
- 7 On dissolution, Bills Payable of ₹ 40,000 due after 1 month were discharged at a discount of 18% p.a. Realisation amount is to be debited with 1
 (a) ₹ 32,600 (b) ₹ 39,400
 (b) ₹ 39,600 (d) ₹ 32,400
- 8 Pawan, Karman and Harman were partners sharing profits equally. Pawan died on 31st July, 2020. Journal Entry passed for Pawan's share of loss for the intervening period will be: 1
 (a) Pawan's Capital A/c Dr.
 To Profit and Loss Suspense A/c
 (b) Pawan's Capital A/c Dr.
 To Karman's Capital A/c
 (c) Pawan's Capital A/c Dr.
 To Profit and Loss A/c
 (d) Profit and Loss Suspense A/c Dr.
 To Pawan's Capital A/c
- 9 A, B and C were partners, sharing profits and losses in the ratio of 3:2:1. B died, the firm decided to value the goodwill on the basis of 3 years' purchase of average of 5 years profits. The profits of the firm for the last five years before charging interest on capital were ₹ 11,000; ₹ 9,000; ₹ 11,000; ₹ 7,000 and ₹ 8,000. The capital of the firm stood at ₹ 50,000 and interest rate is 8%. Value of goodwill will be 1
 (a) ₹ 10,000 (b) ₹ 15,600
 (c) ₹ 21,000 (d) ₹ 11,000
- 10 Average profit of a business over the last five years was ₹ 60,000. The normal yield on capital invested in such a business is estimated at 10% p.a. The net capital invested in the business is ₹ 5,00,000. Amount of goodwill, if it is based on 3 years' purchase of last 5 years super profits will be 1
 (a) ₹ 1,00,000 (b) ₹ 1,80,000
 (c) 30,000 (d) ₹ 1,50,000
- 11 There are two partners in a firm P and Q. R is admitted into the firm for 1/3rd share of profit with the guaranteed profit of ₹ 18,000 p.a. The firm's total profit is ₹ 42,000. If P stood as guarantor of guaranteed profit to R, how much profit would be given to P? 1
 (a) ₹ 20,000 (b) ₹ 15,000
 (c) ₹ 10,000 (d) ₹ 18,000

- 12 Out of the following which is not a part of change in the profit sharing ratio? 1
- Determination of Sacrificing Ratio and Gaining Ratio
 - Accounting of Goodwill
 - Accounting of Reserves, Accumulated Profits and Losses
 - Dissolution of Partnership Firm

- 13 _____ on reissue forfeited shares cannot be more than the amount received on forfeited shares. (Fill in the blank) 1

- 14 Compute the salaries that will be shown in the Income and Expenditure Account of City Gymkhana Club for the year ended 31st March, 2020 from the following information: 3

	1 st April, 2019 (₹)	31 st March, 2020 (₹)
Outstanding Salaries	19,000	14,000
Prepaid Salaries	5,600	10,400

Salaries paid during the year ended 31st March, 2020 was ₹ 2,97,800.

OR

During the year ended 31st March, 2020 subscriptions received were ₹ 4,50,000. These subscriptions include ₹ 15,000 for the year ended 31st March, 2019 and ₹ 20,000 for the year ending 31st March, 2021. On 31st March, 2020 subscriptions due but not received were ₹ 25,000. Corresponding amount on 1st April, 2019 was ₹ 30,000. Determine the amount that should be credited to Income and Expenditure Account as subscription for the year ended 31st March, 2020.

- 15 A, B and C are partners in a firm. Net profit of the firm for the year ended 31st March, 2020 is ₹ 30,000, which was distributed among the partners in their agreed ratio of 3:1:1. It is noticed on 10th April, 2020 that the undermentioned transactions were not passed through the books of account of the firm for the year ended 31st March, 2020. 4
- Interest on Capital @ 6% per annum, the capitals of A, B and C being ₹ 50,000, ₹ 40,000 and ₹ 30,000 respectively.
 - Interest on Drawings: A ₹ 350; B ₹ 250; ₹ 150
 - Partners' Salaries: A ₹ 5,000; B ₹ 7,500
 - Commission due to A (for a special transaction) ₹ 3000
- You are required to pass an adjustment entry to rectify the error (show your working clearly)

OR

Capitals of Leena, Rohit and Manoj as on 31st March, 2020 were ₹ 90,000, ₹ 3,30,000 and ₹ 6,60,000 respectively. Profit of ₹ 1,80,000 for the year 2019-20 was distributed in the ratio of 4:1:1 after allowing Interest on Capital @ 10% p.a. During the year, each partner withdrew ₹ 3,60,000. The Partnership Deed was silent as to profit-sharing ratio but provided for Interest on Capital @ 12% p.a.

Calculate the opening capitals of partners as on 1st April, 2019 and pass necessary adjusting entry.

- 16 Bose, Sarkar and Chatterjee are partners in a firm and do not have a Partnership Deed. Bose introduced further capital of ₹ 2,00,000 on 1st October, 2019. Whereas Chatterjee took a loan ₹ 50,000 from the firm on 1st October, 2019. Disputes have arisen among them on the following issues: 4
- Bose demands interest @ 10% p.a. on ₹ 2,00,000 being his extra capital.
 - Sarkar desires that his son Deep should be admitted as partner and he will give him half of his share. Bose and Chatterjee do not agree.

- (c) Bose and Sarkar are of the view that Chatterjee should be charged Interest on Loan from the firm at the lending rate of the banks, which is 12% p.a.
- (d) Sarkar has withdrawn ₹ 50,000 from the firm for his personal use. Bose and Chatterjee are of the view that Sarkar should be charged interest @ 10% p.a.

You are required to give solution to each issue of dispute.

- 17 The firm of Manjeet, Sujeet and Jagjeet was dissolved on 31st March, 2018. It was agreed that Sujeet will take care of dissolution related activities and will get 10% of the value of assets realized. Sujeet agreed to bear the realization expenses. Assets realized ₹ 10,00,750 and realization expenses were ₹ 90,000, which were paid from the firm's cash. ₹ 4,50,000 were paid to the creditors in full settlement of their claim.

Pass necessary Journal Entries for the above transactions in the books of the firm.

- 18 Sure Ltd. has an authorized Capital of ₹ 20,00,000 divided into equity shares of ₹ 10 each. The company invited applications for 60,000 shares. Applications were received or 58,000 shares. All calls were made and were duly received except the final call of ₹ 3 per share on 2,000 shares. These shares were forfeited.
- Present share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013.

- 19 Following is the Receipts and Payments Account of Rajdhani Charitable Trust:

Receipts and Payments Account for the year ended 31 st March, 2020					
Dr.					Cr.
Receipts	₹	₹	Payments	₹	₹
To Balance b/d			By Rent		60,000
Cash in Hand	1,40,000		By Salary		1,20,000
Cash at Bank	<u>6,00,000</u>	7,40,000	By Postage and Courier		3,000
To Subscription:			By Electricity Charges		60,000
2018-19	50,000		By Furniture		2,00,000
2019-20	8,30,000		By Books		30,000
2020-21	<u>30,000</u>	9,10,000	By Defence Bonds		15,00,000
To Sale of Investment		9,00,000	By Scholarship to Needy Students		2,20,000
To Interest on Investment		20,000	By Balance c/d		
To Sale of Furniture (Book Value ₹ 30,000)		32,000	Cash in Hand	1,09,000	
			Cash at Bank	<u>3,00,000</u>	4,09,000
		<u>26,02,000</u>			<u>26,02,000</u>

Prepare Income and Expenditure Account for the year ended 31st March, 2020.

- (i) Subscription for the year ended 31st March, 2020 still due were ₹ 70,000.

Subscriptions received in the year ended 31st March, 2020 included ₹ 4,000 from a life member.

- (ii) Interest due on Defence Bonds was ₹ 70,000.

- (iii) Rent outstanding was ₹ 10,000. Salary paid for the year ended 31st March, 2021 is ₹ 20,000.

- (iv) Book value of investment sold was ₹ 8,00,000, ₹ 3,00,000 of the investments were still in hand.

- 20 (a) Mohan Ltd. took over assets of ₹ 10,80,000 and liabilities of ₹ 80,000 of Sohan Ltd. at a value of ₹ 9,60,000 payable as ₹ 2,40,000 by cheque and the balance by issuing 10% Debentures of ₹ 100 each at a premium of 20%. Calculate the number of Debentures to be issued. Also pass the Journal Entries to record the above in the books of Mohan Ltd. 6

(b) X Ltd. purchased machinery from Y Ltd. and payment was made as follows:

- (i) By issuing 10,000 equity shares of ₹ 10 each at a premium of 10%;
(ii) By issuing 200, 9% Debentures of ₹ 100 each at a discount of 10%;
(iii) Balance by accepting a bill of exchange of ₹ 50,000 payable after one month.
Journalise these transactions in the books of X Ltd.

- 21 C and D are partners in a firm sharing profits in the ratio of 4:1. On 31.3.2016, their Balance Sheet was as follows: 8

Balance Sheet of C and D as on 31-3-2016

Liabilities	₹	Assets	₹
Sundry Creditors	40,000	Cash	24,000
Provision for Bad Debt	4,000	Debtors	36,000
Outstanding Salary	6,000	Stock	40,000
General Reserve	10,000	Furniture	80,000
Capitals:		Plant and Machinery	80,000
C 1,20,000			
D 80,000	2,00,000		
	2,60,000		2,60,000

On the above date, E was admitted for $\frac{1}{4}$ th share in the profits on the following terms:

- (i) E will bring ₹ 1,00,000 as his capital and ₹ 20,000 for his share of goodwill premium, half of which will be withdrawn by C and D.
(ii) Debtors ₹ 2,000 will be written off as bad debts and a provision of 4% will be created on debtors for bad and doubtful debts.
(iii) Stock will be reduced by ₹ 2,000, furniture will be depreciated by ₹ 4,000 and 10% depreciation will be charged on plant and machinery.
(iv) Investments of ₹ 7,000 not shown in the Balance Sheet will be taken into account.
(v) There was an outstanding repairs bill of ₹ 2,300 which will be recorded in the books.
Pass necessary Journal Entries for the above transactions in the books of the firm on E's admission.

OR

Pankaj, Naresh and Saurabh are partners sharing profits in the ratio of 3:2:1. On 1st April 2020, Naresh retired and on that date, Balance Sheet of the firm was as follows:

Liabilities	₹	₹	Assets	₹	₹
General Reserve		12,000	Bank		7,600
Sundry Creditors		15,000	Debtors	6,000	
Bills Payable		12,000	Less: Provision for		
Outstanding Salary		2,200	Doubtful Debt	<u>400</u>	5,600
Provision for Legal		6,000	Stock		9,000
Damages			Furniture		41,000
Capital A/cs:			Premises		80,000
Pankaj 46,000					
Naresh 30,000					
Saurabh 20,000		96,000			
		1,43,200			1,43,200

Additional Information:

(a) Premises have appreciated by 20%, stock depreciated by 10% and provision for doubtful debts was to be made 5% on debtors. Further, provision for legal damages is to be made for ₹ 1,200 and furniture to be brought up to ₹ 45,000.

(b) Goodwill of the firm be valued at ₹ 42,000.

(c) ₹ 26,000 from Naresh's Capital Account be transferred to his Loan Account and balance be paid through bank: if required, necessary loan may be obtained from bank.

(d) New profit sharing ratio of Pankaj and Saurabh is decided to be 5:1.

Give the necessary Ledger Accounts of the firm after Naresh's retirement.

- 22 Sunrise Ltd. issued for subscription 1,00,000 Equity Shares of ₹ 10 each at premium of 20% payable as follows: 8

On Application : ₹ 2

On Allotment : ₹ 4 (including ₹ 2 premium)

On First Call : ₹ 5

On Second and Final Call : ₹ 1

Applications were received for 1,90,000 shares. The shares were allotted on pro rata basis to the applicants for 1,50,000. Excess Application money was appropriated towards payment due on allotment and amount was refunded to unsuccessful applicants.

(i) Asha to whom 1,000 shares were allotted, expressed her inability to pay allotment money. These shares were forfeited just after allotment.

(ii) Mohan who applied for 3,000 shares, did not pay the allotment and first call money. These shares were forfeited before demanding the final call.

(iii) Sohan did not pay the two calls on his 4,000 shares. These shares were forfeited after the second and final call.

All the forfeited shares were reissued to Rakesh as fully paid up at ₹ 8 per share. Pass Journal Entries required to record the above transactions assuming that Calls-in-Arrears Account is maintained.

OR

X Ltd. has offered 50,000 equity shares of ₹ 100 each at a premium of ₹ 20, payable as follows:

Application ₹ 50

Allotment ₹ 40 (including premium)

and the balance on first and final call.

The bank account of the company has received ₹ 35,00,000 on account of share application money. X Ltd. decided to allot shares to all the applicants on Pro Rata basis. The balance in calls in arrears account at the time of allotment and first and final call amounted to ₹ 1,00,000 and ₹ 1,50,000 respectively. These shares were forfeited and re-issued at ₹ 90 per share as fully paid up. Journalize.

Part – B

(Analysis of Financial statements)

- 23 What will be the Current ratio of a company whose Net Working Capital is Zero? 1
- 24 Which of the following is not included in Short-Term Borrowings? 1
- (a) Loans Repayable on Demand (b) Bank Overdraft
- (c) Retirement Benefits to Employees (d) Cash Credit from Banks

25

Balance Sheet Extract

1

Particulars	31 st March, 2020	31 st March, 2019
Non-Current Assets		
Tangible Fixed Assets	1,90,000	1,50,000

Additional Information:

(i) A part of machinery costing ₹ 5,000 on which depreciation of ₹ 2,000 had been charged was sold for ₹ 1,000.

(ii) Depreciation charged during the year was ₹ 17,000.

How much amount (related to the above information) will be shown in Investing Activity as outflow of Cash in Cash Flow Statement prepared on 31st March, 2020?

(a) ₹ 50,000

(b) ₹ 60,000

(c) ₹ 40,000

(d) ₹ 55,000

26 Prepaid insurance is shown as _____ in the Balance Sheet. (Fill in the blanks)

1

27 The two basic measures of operational efficiency of a company are:

1

(a) Inventory Turnover Ratio and Working Capital Turnover Ratio

(b) Liquid Ratio and Operating Ratio

(c) Liquid Ratio and Current Ratio

(d) Gross Profit Margin and Net Profit Margin

28 Which of the following transactions will result into flow of cash?

1

(a) Cash withdrawn from bank ₹ 20,000

(b) Issued 20,000, 9% Debentures to the vendor of machinery

(c) Received ₹ 19,000 from debtors

(d) Deposited cheques of ₹ 10,000 into bank

29 If Revenue from Operations is ₹ 1,60,000 and Gross Profit is ₹ 40,000, Gross Profit Ratio will be

1

(a) 30%

(b) 25%

(c) 40%

(d) 50%

30 From the following information, calculate (i) Current Ratio; (ii) Quick Ratio:

3

Particulars	₹	Particulars	₹
Trade Receivables	8,00,000	Bills Payable	1,60,000
Inventory	3,20,000	Sundry Creditors	3,20,000
Marketable Securities	1,60,000	9% Debentures	4,00,000
Cash and Bank Balances	2,40,000	Expenses Payable	3,20,000
Prepaid Expenses	80,000	Revenue from Operations	40,00,000

OR

Calculate Working Capital Turnover Ratio from the following:

	₹
Cost of Revenue from Operation	1,50,000
Current Assets	1,00,000
Current Liabilities	75,000

31 Prepare Common-Size Balance Sheet from the following information:

4

	31 st March, 2020 (₹)	31 st March, 2019 (₹)
Shareholders' Funds	9,00,000	6,00,000

Non-Current Liabilities	3,00,000	3,00,000
Current Liabilities	3,00,000	1,00,000
Non-Current Assets	10,50,000	7,00,000
Current Assets	4,50,000	3,00,000

OR

From the following Statement of Profit and Loss of Sakhi Ltd. for the year ended 31st March, 2020, prepare Comparative Statement of Profit and Loss

Statement of Profit and Loss for the year ended 31st March, 2020

Particulars	31 st March, 2019 (₹)	31 st March, 2020 (₹)
I. Revenue from Operations	<u>25,00,000</u>	<u>40,00,000</u>
II. Expenses:		
• Employee Benefit Expenses (5% of Revenue from Operations)	-	-
• Other Expenses	<u>5,90,000</u>	<u>6,80,000</u>
III. Rate of Tax 35%		

32 Following was the Balance Sheet of M.M Ltd. at 31.3.2015:

M.M Ltd.

Balance Sheet as at 31.03.2015

Particulars	Note No.	31.03.2015 (₹)	31.03.2014 (₹)
I. Equity and Liabilities			
1. Shareholders' Funds:			
(a) Share Capital		5,00,000	4,00,000
(b) Reserves and Surplus	1	2,00,000	(50,000)
2. Non-Current Liabilities:			
Long Term Borrowings	2	4,50,000	5,00,000
3. Current Liabilities			
(a) Short-term Borrowings	3	1,50,000	50,000
(b) Short-term Provisions	4	70,000	90,000
Total		<u>13,70,000</u>	<u>9,90,000</u>
II. Assets			
1. Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets	5	10,03,000	7,20,000
(ii) Intangible Assets	6	20,000	30,000
(b) Non-Current Investments		1,00,000	75,000
2. Current Assets:			
(a) Current Investments	7	50,000	60,000
(b) Inventories		1,07,000	45,000
(c) Cash and Cash Equivalents		90,000	60,000
Total		<u>13,70,000</u>	<u>9,90,000</u>

Notes to Account

S. No.	Particulars	31.03.2015 (₹)	31.03.2014 (₹)
1.	Reserves and Surplus: Surplus ie. Balance in Statement of Profit and Loss	2,00,000 <u>2,00,000</u>	(50,000) <u>(50,000)</u>
2.	Long Term Borrowings: 12% Debentures	4,50,000 <u>4,50,000</u>	5,00,000 <u>5,00,000</u>
3.	Short Term Borrowings: Bank Overdraft	1,50,000 <u>1,50,000</u>	50,000 <u>50,000</u>
4.	Short Term Provisions: Provision for Tax	70,000 <u>70,000</u>	90,000 <u>90,000</u>
5.	Tangible Assets: Machinery Accumulated Depreciation	12,03,000 (2,00,000) <u>10,03,000</u>	8,21,000 (1,01,000) <u>7,20,000</u>
6.	Intangible Asset: Goodwill	20,000 <u>20,000</u>	30,000 <u>30,000</u>
7.	Inventories: Stock in Trade	1,07,000 <u>1,07,000</u>	45,000 <u>45,000</u>

Additional Information:

(i) 12% Debentures were redeemed on 31.03.2015

(ii) Tax ₹ 70,000 was paid during the year

Prepare Cash Flow Statement.

End of the Question Paper