

ROLL NUMBER				
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SET	1
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QP.Code:055/01/1



**INDIAN SCHOOL MUSCAT
FIRST PRE BOARD EXAMINATION 2023
ACCOUNTANCY (O55)**



CLASS : XII
DATE: 08/01/2023

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 compulsory for all candidates.
4. Part – B has two options i.e. (i) **Analysis of Financial Statements** and (ii) **Computerised Accounting**. Students must attempt **only one** of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31 and 32 carries 3 marks each.
7. Questions from 21, 22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks**.

PART A

(Accounting for Partnership Firms and Companies)

- 1 Chinnu and Bheem were partners sharing profits and losses in the ratio of 3: 1. Raju was admitted for $\frac{5}{16}$ th share in the profits. Chinnu surrendered $\frac{1}{4}$ th of her share in favour of Raju and Bheem surrendered $\frac{1}{8}$ th from his share in favour of Raju. The Sacrificing ratio of Chinnu and Bheem are
(a) 1:1
(b) 3:2
(c) 1:3
(d) 9:2
- 2 Assertion (A):- Firm gave a Loan of ₹20,000 to Roni a partner without any agreement. Interest on loan to Roni is charged at 6%.
Reason (R):- In the presence of partnership deed, interest on loan by a partner is fixed at 6%.

- (a) (A) is correct but (R) is incorrect.
 (b) Both (A) and (R) are correct, but (R) is not the correct explanation of (A)
 (c) Both (A) and (R) are incorrect.
 (d) Both (A) and (R) are correct, and (R) is the correct explanation of (A)
- 3 Super Ltd. issued 10,000 equity shares of ₹25 each at a premium of 20%. Mamta who has been allotted 2,000 shares did not pay first and final call of ₹5 per share. On forfeiture of Mamta's share, Securities premium Account is 1
- (a) Debited to ₹10,000
 (b) Credited to ₹10,000
 (c) Debited to ₹50,000
 (d) Neither debited nor credited

OR

Section 52(2) of the companies Act 2013 restricts the use of securities premium received except

- (a) for issuing fully paid right shares
 (b) for writing off preliminary expense
 (c) for issuing fully paid bonus shares
 (d) for purchase of own shares.
- 4 Bella, Della and Kelly were partners in a firm sharing profits and losses in the ratio of 5: 3: 2. With effect from 1st April 2022, they agreed to share future profits and losses in the ratio of 2: 5: 3. They decide to record the effect of the following revaluations without affecting the book values of assets and liabilities. 1

	Book value ₹	Revised Value ₹
Sundry Debtors	30,000	35,000
Sundry Creditors	45,000	50,000
Accrued Incomes	15,000	10,000

Which of the following is the correct treatment of the above?

	Particulars	₹	₹
(a)	Kelly Capital A/c Dr To Bella Capital A/c To Della Capital A/c	5,500	3,000 2,000
(b)	Della Capital A/c Dr Kelly Capital A/c Dr To Bella Capital A/c	1,000 500	1,500
(c)	Bella Capital A/c Dr Della Capital A/c Dr To Kelly Capital A/c	3,000 2,000	5,000
(d)	Bella Capital A/c Dr To Della Capital A/c	1,500	1,000

	To Kelly Capital A/c		500
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OR

Amrit and Bimal are partners sharing profits and loss equally. Bimal has given his property on rent to the firm on 1st April 2021 at a monthly rent of ₹500.

Determine the amount of profit/loss to be shared by each partner for the year ended 31st March 2022 if the profit before rent payable for the year amounted to ₹3,000.

- (a) Share of profit Amrit ₹4,500 Bimal ₹4,500
- (b) Share of loss Amrit ₹1,500 Bimal ₹1,500
- (c) Share of profit Amrit ₹1,500 Bimal ₹1,500
- (d) Share of loss Amrit ₹4,500 Bimal ₹4,500

- 5 Vini and Mini are partners sharing profits and losses in the ratio of 3:2. The firm maintains fixed capital accounts and the balance of the same as on 31st March 2022 is ₹4,00,000 and ₹4,65,000 for Vini and Mini respectively. Vini withdrew ₹15,000 on each quarter and Mini withdrew ₹30,000 half yearly. As per the partnership Deed, Interest on capital at 10% p.a. on opening capital has been allowed to them. Calculate the opening capital of Mini given that the divisible profits during the year 2021-22 was ₹2,25,000. 1

- (a) ₹3,30,000
- (b) ₹4,40,000
- (c) ₹4,00,000
- (d) ₹3,00,000

- 6 The company needs additional funds of ₹10,00,000 for which they decided to issue 8% Debentures of ₹100 at 10% premium. These debentures were to be redeemed at 20% premium after 4 years. Loss on issue can be write off by assuming there was existing balance of Securities Premium Account of ₹50,000. 1

- (a) Debit Securities Premium ₹50,000 ; Statement of P/L A/c ₹1,50,000
- (b) Debit Securities Premium ₹1,00,000 ; Statement of P/L A/c ₹2,00,000
- (c) Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹1,50,000
- (d) Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹50,000

OR

Wise Ltd. issued 80,000, 10% Debentures of ₹100 each at certain rate of discount and were to be redeemed at 20% premium. Existing balance of Securities Premium before issuing of these debentures was ₹25,00,000 and after writing off Loss on Issue of Debentures, the balance in Securities Premium was ₹5,00,000. At what rate of discount, these debentures were issued?

- (a) 10%
- (b) 5%
- (c) 25%
- (d) 15%

- 7 Bright Ltd. offered certain number of shares ₹100 each for public subscription at 25% premium. The share was payable as ₹40 on application and balance on allotment, with premium. Public had applied for 90,000 shares. Pro-rata allotment was made in the ratio of 4:3 to 80,000 applicants and remaining applications were sent letters of regret. What is the number of shares offered to the public? 1
- (a) 67,500
(b) 60,000
(c) 1,20,000
(d) 10,000
- 8 Amit, Biny and Sandy are partners in a firm with capital balances of ₹25,000, ₹35,000 and ₹40,000 respectively on 31st March, 2022. Sandy decides to retire from the firm on 31st March, 2022. With the help of the information provided, calculate the amount to be paid to Sandy on her retirement. There existed a general reserve of ₹9,000 in the balance sheet on that date. The goodwill of the firm was valued at ₹30,000. Loss on revaluation was ₹24,000. 1
- (a) ₹55,000
(b) ₹65,000
(c) ₹45,000
(d) ₹49,000

OR

A, B and C are partners. A's capital is ₹3,00,000 and B's capital is ₹1,00,000. C has not invested any amount as capital but advanced loan to the firm is ₹1,00,000. C demands interest on loan at 9% per annum, though the deed is silent. Firm earned a operating profit of ₹1,50,000. How much will each partner receives as an appropriation of profits?

- (a) A ₹55,000 B ₹55,000 C ₹55,000
(b) A ₹47,000 B ₹47,000 C ₹47,000
(c) A ₹48,000 B ₹48,000 C ₹48,000
(d) A ₹50,000 B ₹50,000 C ₹50,000

- 9 Ajay, Jay and Vijay are partners in a firm sharing profit and losses in the ratio of 6:4:1. Ajay guaranteed a profit of ₹15,000 to Vijay. The net profit for the year ending 31st March 2022 was ₹99,000. Ajay's share in the profit of the firm will be 1
- (a) ₹30,000
(b) ₹15,000
(c) ₹48,000
(d) ₹45,000
- 10 Purni and Renu are partners in a clay toys making firm. Their capitals were ₹2,00,000 and ₹4,00,000 respectively. The firm allowed Purni to get a commission of 10% on the net profit before charging any commission amounted to ₹22,000 and Renu to get a commission of 10% on the net profit after charging all commission. Purni's share of profit will be :- 1

- (a) ₹90,000
(b) ₹72,000
(c) ₹1,08,000
(d) ₹80,000
- 11 Choose the correct sequence of the following transactions in context of Division of Profits. 1
(i) Guarantee by Firm to Partners
(ii) Guarantee by Partners to Firm
(iii) Transfer of Profits to Profit and Loss Appropriation Account
(iv) Guarantee by Partner to Partner
(a) (i) (iii) (iv) (ii)
(b) (iii) (i) (ii) (iv)
(c) (iii) (ii) (i) (iv)
(d) (ii) (iii) (iv) (i)
- 12 If 10,000 shares of ₹10 each were forfeited for non-payment of final call money of ₹3 per share and only 7,000 shares were re-issued at ₹11 per share as fully paid up, then what is the Minimum Reissue Price that company can allow at the time of re-issue of the remaining 3,000 shares? 1
(a) ₹3 per 3,000 shares
(b) ₹11 per 3,000 shares
(c) ₹10 per 3,000 shares
(d) ₹7 per 3,000 shares
- 13 Which statement best explains Reserve Capital? 1
(a) Part of the subscribed capital which company resolves not to call except in the event of it being wound up
(b) Part of the subscribed capital which company resolves to call except in the event of it being wound up
(c) Which is created out of capital profits and is not free for distribution as dividend
(d) Part of capital which is for the time being subscribed by the members of a company
- 14 Jenni and Jamuna are partners sharing profits in the ratio of 2:1. They admit Sara for 1/5th share in future profits. On the date of admission, Jenni's capital was ₹1,02,000 and Jamuna's capital was ₹73,000. Sara is paid ₹25,000 as her share of goodwill privately and she agrees to contribute proportionate capital to the new firm. How much capital will be brought by Sara? 1
(a) ₹43,750
(b) ₹37,500
(c) ₹50,000
(d) ₹40,000
- 15 Yellow and White are partners. Yellow draws a fixed amount ₹1,000 at the end of 1

every month for 6 months. Interest on drawings is charged at 8% p.a. Calculate interest on drawings of Yellow.

- (a) ₹260
- (b) ₹480
- (c) ₹220
- (d) ₹100

OR

Rohan, a partner withdrew ₹10,000 in the beginning of each quarter and interest on drawings was calculated as ₹3,000 at the end of accounting year 31st March 2022.

What is the rate of interest on drawings charged?

- (a) 6%
- (b) 8%
- (c) 10 %
- (d) 12%

- 16 At the time of dissolution, total assets are of ₹12,00,000 and external liabilities are of ₹4,80,000. If assets realized 120% and realization expenses paid were ₹16,000 .The gain or loss on realization will be 1
- (a) Gain ₹2,40,000
 - (b) Loss ₹2,40,000
 - (c) Loss ₹2,24,000
 - (d) Gain ₹2,24,000
- 17 Ben, Ken and Ryan were partners in a firm sharing profits and losses in the 3:4:3. 3
Books were closed on 31st March every year. Ryan died on 1st July, 2021. As per the partnership deed Ryan's executors are entitled to his share of profit till the date of death on the basis of average profit of the past three years. Average profit of past three years were
Year ending on 31st March,2019 ₹50,000 (Profit)
Year ending on 31st March,2020 ₹50,000 (Loss)
Year ending on 31stMarch,2021 ₹54,000 (Loss)
Ben and Ken decided to share future profits and loss at 1:2.
Journalise the transaction along with the working notes.
- 18 Anil, Manu and Sanisha were partners sharing profits in the ratio 5:3:2. Their Capitals 3
were ₹6,00,000; ₹8,00,000 and ₹10,00,000 as on April 01, 2021. As per Partnership deed, Interest on capitals were to be provided at 10% p.a. For the year ended March 31, 2022, Profits of ₹2,00,000 were distributed by providing for Interest on capitals at 8%.
Pass an adjustment entry and show the workings clearly.

OR

Prakash, Babu and Chitra entered into partnership on 1st October, 2021 to share profits and losses in the ratio of 3:1:1. Prakash guaranteed that Chitra's share of profit after charging interest on capital @ 10% p.a would not be less than ₹40,000 p.a. Their fixed capital balances are: ₹2,00,000, ₹1,00,000 and ₹1,00,000 respectively. Profit for the

year ended 31st March, 2022 was ₹1,40,000.

Prepare Profit and Loss Appropriation A/c.

- 19 Amy Ltd purchased the following assets of Excel Ltd 31st March 2022. 3
Land & Building of ₹6,00,000 ; Plant and Machinery of ₹4,00,000 . The purchase consideration was ₹9,00,000 . Payment was made by accepting a Bill of Exchange in favour of Excel Ltd of ₹3,00,000 and remaining by issue of 8% Debentures of ₹100 each at a premium of 20%. Pass necessary journal entries.

OR

Yipi Ltd. issued 20,000, 9% Debentures of ₹100 each at 10% discount to Kiti Ltd. from whom Assets of ₹2,50,000 and Liabilities of ₹80,000 were taken over. Pass entries in the books of Yipi Ltd. if these debentures were to be redeemed at 5% premium.

- 20 The average profit earned by a firm is ₹75,000 which includes undervaluation of stock 3
of ₹5,000 on an average basis. The capital invested in the business is ₹7,00,000 and the normal rate of return is 7%. Calculate goodwill of the firm on the basis of five times the super profit.

- 21 Fashion Styles Ltd was registered with a capital of ₹85,00,000 divided into equity 4
shares of ₹100 each. The company invited application for 45,000 shares. The amount was payable as ₹25 on application, ₹35 on allotment, ₹25 on first call and balance on final call. Application was received for 42,000 shares and allotment was made to all applicants. Jhanvi , to whom 3,000 shares were allotted , failed to pay both the calls. Her shares were forfeited.

You are required to prepare the Balance Sheet of the company as per Schedule III of Companies Act, 2013, showing Share Capital balance and also prepare Notes to Accounts

- 22 Rani and Vani were partners in a firm sharing profits and losses equally. On 31st 4
March 2022 their firm was dissolved. On the date of dissolution their balance Sheet showed a Stock of ₹60,000 and Creditors of ₹70,000. After transferring stock and creditors to realisation Account the following transaction took place.

- (a) Rani took over 40% of total stock at 20% discount.
- (b) 30% of total stock was taken over by creditors of ₹20,000 in full settlement.
- (c) Remaining stock was sold for cash at a profit of 25%
- (d) Remaining creditors were paid in cash at a discount of 10%.

Pass necessary Journal entries for the above transaction in the books of the firm.

- 23 Himalya Ltd. invited applications for issuing 30,000 shares of ₹50. The amounts were 6
payable as follows :

On application and allotment – ₹20 per share.

On first & final call – balance

Applications were received for 40,000 shares & allotment was made as follows :

- (i) To applicants for 10,000 shares – 10,000 shares.
- (ii) To applicants for 4,000 shares – nil
- (iii) Balance of the applicants were allotted shares on pro-rata basis.

Excess money received with applications was adjusted towards sums due on first and final call.

Amit, who belonged to category (i) and was allotted 400 shares and Veni, who belonged to category (iii) and was allotted 500 shares failed to pay the first and final call money. Their shares were forfeited. The forfeited shares were re-issued at ₹40 per share fully paid-up.

Pass necessary journal entries for the above transactions in the books of the company.

OR

Pass entries for forfeiture and re-issue in both the following cases.

- A. The directors of a Red Desert Ltd forfeited 1,000 Equity Shares of ₹10 each issued at a premium of ₹2 per share for non-payment of allotment money of ₹5 per share including premium. The first and final call of ₹2 per share was not yet called on these shares. Of the forfeited shares 800 shares were reissued at ₹12 per share as fully paid up.
- B. Blue Desert Ltd. forfeited 2,000 shares of Rahul, who had applied for 3,000 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. All Forfeited shares were re-issued at Maximum Permissible Discount per share as fully paid.

- 24 Akul and Bakul are partners sharing profits and losses in the ratio of 3:1. On 31st March, 2022 their Balance Sheet was: 6

Liabilities	₹	Assets	₹
Capital		Land and Building	60,000
Akul 70,000		Machinery	40,000
Bakul <u>30,000</u>	1,00,000	Goodwill	20,000
		Stock	5,000
General Reserve	20,000	Debtors 14,000	
Creditors	14,000	- Prov for Doubtful (<u>2,000</u>)	12,000
Outstanding Expense	8,000	Debts	
		Cash	5,000
	<u>1,42,000</u>		<u>1,42,000</u>

Chanda was admitted for 1/6th share on the following terms:

- (i) Chanda will bring ₹40,000 as his share of capital and his share of goodwill premium in cash.
- (ii) Goodwill of the firm is valued at ₹90,000.
- (iii) Machinery were found to be overvalued by ₹15,000. Building was to brought down to ₹50,000. An unrecorded assets amounted to ₹25,000
- (iv) All debtors are good.
- (v) Capitals of Akul and Bakul will be adjusted on the basis of Chanda's share and adjustments will be done by opening necessary current accounts

. You are required to prepare revaluation account and partners' capital account.

OR

Liabilities	₹	Assets	₹
Sundry Creditors	30,000	Cash in Hand	10,000
Profit & Loss A/c	20,000	Sundry Debtors	20,000
Capital :		Stock	10,000
Shyam 50,000		Furniture	40,000
Sanjay 30,000		Building	50,000
Siva <u>20,000</u>	1,00,000	Advertisement	20,000
	<u>1,50,000</u>	Suspense A/c	
			<u>1,50,000</u>

Syam, Sanjay and Siva were partners in a firm sharing profits in the ratio of 2:1:1 respectively. On March 31st, 2022, the balance sheet of the firm stood as follows:

Sanjay retired on the above-mentioned date on the following terms:

- Buildings to be appreciated by ₹5,000
- A provision for doubtful debts to be made at 5 % on debtors.
- Goodwill of the firm is valued at ₹12,000 and adjustment to be made by raising and writing off the goodwill.
- ₹4,000 was to be paid to Sanjay immediately and the balance in his capital account to be transferred to his loan account carrying interest as per the agreement.
- Remaining partner decided to maintain equal capital balances, by opening current account.

Prepare the revaluation account and partner's capital accounts.

- 25 Kavitha, Sindu and Isha were partners in a firm sharing profit and losses in the ratio of 3:2:1 . Isha died on 30th June 2019. After all the necessary adjustments, her capital account showed a credit balance of ₹70,600. Isha's executor was paid ₹10,600 on 1st July 2019 and the balance in three equal yearly installments starting from 30th June 2020 with interest at 10% p.a. on the unpaid amount. The firm closes its books on 31st March every year.

Prepare Isha's executor's Account till the amount is finally paid.

- 26 Asian Ltd. is manufacturing textile company having share capital of ₹60,00,000 6 divided in shares of 500 each. For diversification, the company requires an additional capital of ₹40,00,000. The company decided to raise further funds by issuing 10% debentures of ₹1,000 each at discount of ₹100, redeemable after 5 years at premium of

5%. Asian Ltd has balance of in securities premium and in Capital Reserve assuming debentures were issued on 1st April 2021.

You are required to:

- Pass journal entries for issue of debentures
- Prepare Loss on Issue of Debentures Account.
- Pass entries for Interest on Debentures on March 31, 2022, assuming interest are payable yearly.

Part B :- Analysis of Financial Statements

(Option – I)

- 27 Which of the following is not included in cash and cash equivalents? 1
- Balance with banks
 - Bank deposits with 100 days of maturity
 - Cheques and drafts in hand
 - Cash in hand

OR

A choice of selecting a method of depreciation lies with the management which has a bearing on financial performance and position. Which nature of financial statement is mentioned in the above sentence?

- Accounting Conventions
 - Accounting Concepts
 - Accounting Standards
 - Accounting Policies
- 28 Current liabilities of a company are ₹20,000, current ratio is 2.5:1 and quick ratio is 2:1. Find the value of the Inventories. 1

(a) ₹20,000	(b) ₹50,000
(c) ₹40,000	(d) ₹10,000

- 29 Paid ₹7,00,000 to acquire shares in JK Ltd. And received a dividend of ₹20,000 after acquisition. These transaction will result in: 1
- Cash used in Investing Activities ₹7,00,000
 - Cash generated from Financing Activities ₹7,20,000
 - Cash generated from Financing Activities ₹6,80,000
 - Cash used in Investing Activities ₹6,80,000

OR

A company issued 20,000; 9% Debentures of ₹100 each at 10% Discount. These debentures were to be redeemed at 15% Premium at the end of 5 years. The balance in Securities Premium Account as on the date of Issue was ₹3,70,000. How this transaction will be reflected in Cash Flow Statement?

- Added ₹1,30,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹20,00,000 under Financing Activities
- Added ₹5,00,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹1,80,000 under Financing Activities
- Added ₹1,30,000 under Operating Activities as Loss on Issue of debentures

- written off and inflow of ₹18,00,000 under Financing Activities
- (d) Added ₹5,00,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹20,00,000 under Financing Activities
- 30 Which of the following statement is TRUE? 1
- Cash flow statement is concerned with changes in working capital position between two balance sheet dates
 - Cash generated from trading operations is equal to the net profit as reported in the profit and loss account
 - Operating actives are the revenue generating activities of the enterprise
 - Decrease in current liability is a source of a cash
- 31 Classify the following items under Major heads and Sub-head in the Balance Sheet of a Company as per schedule III of the Companies Act 2013. 3
- Bank Overdraft
 - Mining Rights
 - Debit balance in the Statement of Profit and Loss
 - Provision for Taxation
 - Public Deposits
 - Work-in-Progress
- 32 'Different people may interpret the same ratio in different ways, which affects its reliability' 3
- Identify the limitation of Ratio Analysis highlighted in the above situation. Also explain any two other limitations of Ratio Analysis apart from the identified above.
- 33 From the following information, Calculate Interest Coverage Ratio and Average Inventory. 4
- Revenue from operations of a firm is ₹12,00,000.
- Inventory turnover ratio is 6 times.
- Gross profit ratio is 25% on Cost
- Profit after interest and tax ₹6,00,000
- 10% Debentures ₹80,00,000
- Rate of Income Tax 40%
- OR**
- The debt equity ratio of X Ltd. is 0.5 : 1. Which of the following would increase/decrease or not change the debt equity ratio?
- Further issue of equity shares
 - Cash received from debtors
 - Conversion of Debentures into Equity Shares
 - Redemption of debentures.
- 34 Read the following information and answer the given questions on the basis of the same: 6
- Net profit before tax and extra ordinary items is ₹40 000
 - Dividend paid ₹50 000
 - 10% debentures are redeemed and 8% Bank loan is raised on 31st March 2022
 - During the year, a machine costing ₹40 000 with its accumulated depreciation

of ₹24 000 was sold at a profit of 25% of book value.

5. Patents were written off to the extent of ₹40 000 and some patents were sold at a profit of ₹20 000.

Additional Information:

Particulars	31/03/22 ₹	01/04/21 ₹
Equity Share Capital	12,00,000	10,00,000
10% Debentures	1,00,000
8% Bank Loan	2,00,000
Machinery (at Cost)	4,20,000	4,00,000
Accumulated Depreciation	1,10,000	1,00,000
Patents	1,60,000	2,80,000

You are required to Calculate:

1. Operating Profit before working capital changes
2. Cash flow from Investing Activities
3. Cash flow from financing Activities

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

ROLL NUMBER				
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SET	2
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QP.Code:055/01/2



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FIRST PRE BOARD EXAMINATION 2023
ACCOUNTANCY (055)**



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PART A

(Accounting for Partnership Firms and Companies)

- 1 Super Ltd. Issued 10,000 equity shares of ₹25 each at a premium of 20%. Mamta who has been allotted 2,000 shares did not pay first and final call of ₹5 per share. On forfeiture of Mamta's share, Securities premium Account is
- (a) Debited to ₹10,000
 - (b) Credited to ₹10,000
 - (c) Debited to ₹50,000
 - (d) Neither debited nor credited

OR

Section 52(2) of the companies Act 2013 restricts the use of securities premium received except

- (a) for issuing fully paid right shares
- (b) for writing off preliminary expense
- (c) for issuing fully paid bonus shares
- (d) for purchase of own shares.

- 2 Bright Ltd. offered certain number of shares ₹100 each for public subscription at 25% premium. The share was payable as ₹40 on application and balance on allotment, with premium. Public had applied for 90,000 shares. Pro-rata allotment was made in the ratio of 4:3 to 80,000 applicants and remaining applications were sent letters of regret. What is the number of shares offered to the public? 1
- (a) 67,500
(b) 60,000
(c) 1,20,000
(d) 10,000
- 3 Ajay, Jay and Vijay are partners in a firm sharing profit and losses in the ratio of 6:4:1. Ajay guaranteed a profit of ₹15,000 to Vijay. The net profit for the year ending 31st March 2022 was ₹99,000. Ajay's share in the profit of the firm will be 1
- (a) ₹30,000
(b) ₹15,000
(c) ₹48,000
(d) ₹45,000
- 4 Vini and Mini are partners sharing profits and losses in the ratio of 3:2. The firm maintains fixed capital accounts and the balance of the same as on 31st March 2022 is ₹8,00,000 and ₹9,00,000 for Vini and Mini respectively. Vini withdrew ₹30,000 on each quarter and Mini withdrew ₹30,000 half yearly. As per the partnership Deed, Interest on capital at 10% p.a. on opening capital has been allowed to them. Calculate the opening capital of Mini given that the divisible profits during the year 2021-22 was ₹4,50,000.
- (a) ₹6,60,000
(b) ₹8,80,000
(c) ₹8,00,000
(d) ₹6,40,000
- 5 Chinnu and Bheem were partners sharing profits and losses in the ratio of 3: 1. Raju was admitted for 5/16th share in the profits. Chinnu surrendered 1/4th of her share in favour of Raju and Bheem surrendered 1/8th from his share in favour of Raju. The Sacrificing ratio of Chinnu and Bheem are 1
- (a) 1:1
(b) 3:2
(c) 1:3
(d) 9:2
- 6 Bella, Della and Kelly were partners in a firm sharing profits and losses in the ratio of 5: 3: 2. With effect from 1st April 2022, they agreed to share future profits and losses in the ratio of 2: 5: 3. They decide to record the effect of the following revaluations without affecting the book values of assets and liabilities. 1

	Book value ₹	Revised Value ₹
Sundry Debtors	30,000	35,000
Sundry Creditors	45,000	50,000
Accrued Incomes	15,000	10,000

Which of the following is the correct treatment of the above?

	Particulars	₹	₹
(a)	Kelly Capital A/c Dr To Bella Capital A/c To Della Capital A/c	5,500	3,000 2,000
(b)	Della Capital A/c Dr Kelly Capital A/c Dr To Bella Capital A/c	1,000 500	1,500
(c)	Bella Capital A/c Dr Della Capital A/c Dr To Kelly Capital A/c	3,000 2,000	5,000
(d)	Bella Capital A/c Dr To Della Capital A/c To Kelly Capital A/c	1,500	1,000 500

OR

Amrit and Bimal are partners sharing profits and loss equally. Bimal has given his property on rent to the firm on 1st April 2021 at a monthly rent of ₹500.

Determine the amount of profit/loss to be shared by each partner for the year ended 31st March 2022 if the profit before rent payable for the year amounted to ₹3,000.

- (a) Share of profit Amrit ₹4,500 Bimal ₹4,500
- (b) Share of loss Amrit ₹1,500 Bimal ₹1,500
- (c) Share of profit Amrit ₹1,500 Bimal ₹1,500
- (d) Share of loss Amrit ₹4,500 Bimal ₹4,500

- 7 Assertion (A):- Firm gave a Loan of ₹20,000 to Roni a partner without any agreement. Interest on loan to Roni is charged at 6%. 1

Reason (R):- In the presence of partnership deed, interest on loan by a partner is fixed at 6%.

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

- 8 Purni and Renu are partners in a clay toys making firm. Their capitals were ₹2,00,000 and ₹4,00,000 respectively. The firm allowed Purni to get a commission of 10% on the net profit before charging any commission amounted to ₹22,000 and Renu to get a commission of 10% on the net profit after charging all commission. 1

Purni's share of profit will be :-

- (a) ₹90,000
- (b) ₹72,000
- (c) ₹1,08,000
- (d) ₹80,000

- 9 Which statement best explains Reserve Capital? 1
- Part of the subscribed capital which company resolves not to call except in the event of it being wound up
 - Part of the subscribed capital which company resolves to call except in the event of it being wound up
 - Which is created out of capital profits and is not free for distribution as dividend
 - Part of capital which is for the time being subscribed by the members of a company
- 10 If 10,000 shares of ₹20 each were forfeited for non-payment of final call money of ₹3 per share and only 7,000 shares were re-issued at ₹21 per share as fully paid up, then what is the Minimum Reissue Price that company can allow at the time of re-issue of the remaining 3,000 shares? 1
- ₹3 per 3,000 shares
 - ₹21 per 3,000 shares
 - ₹20 per 3,000 shares
 - ₹17 per 3,000 shares
- 11 The company need additional funds of ₹10,00,000 for which they decided to issue 8% Debentures of ₹100 at 10% premium. These debentures were to be redeemed at 20% premium after 4 years. Loss on issue can be write off by assuming there was existing balance of Securities Premium Account of ₹50,000. 1
- Debit Securities Premium ₹50,000 ; Statement of P/L A/c ₹1,50,000
 - Debit Securities Premium ₹1,00,000 ; Statement of P/L A/c ₹2,00,000
 - Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹1,50,000
 - Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹50,000

OR

Wise Ltd. issued 80,000, 10% Debentures of ₹100 each at certain rate of discount and were to be redeemed at 20% premium. Existing balance of Securities Premium before issuing of these debentures was ₹25,00,000 and after writing off Loss on Issue of Debentures, the balance in Securities Premium was ₹5,00,000. At what rate of discount, these debentures were issued?

- 10%
 - 5%
 - 25%
 - 15%
- 12 Amit, Biny and Sandy are partners in a firm with capital balances of ₹25,000, ₹35,000 and ₹40,000 respectively on 31st March, 2022. Sandy decides to retire from the firm on 31st March, 2022. With the help of the information provided, calculate the amount to be paid to Sandy on her retirement. There existed a general reserve of ₹9,000 in the balance sheet on that date. The goodwill of the firm was valued at ₹30,000. Loss on revaluation was ₹24,000. 1

- (a) ₹55,000
- (b) ₹65,000
- (c) ₹45,000
- (d) ₹49,000

OR

A, B and C are partners. A's capital is ₹3,00,000 and B's capital is ₹1,00,000. C has not invested any amount as capital but advanced loan to the firm is ₹1,00,000. C demands interest on loan at 9% per annum, though the deed is silent. Firm earned a operating profit of ₹1,50,000. How much will each partner receives as an appropriation of profits?

- (a) A ₹55,000 B ₹55,000 C ₹55,000
- (b) A ₹47,000 B ₹47,000 C ₹47,000
- (c) A ₹48,000 B ₹48,000 C ₹48,000
- (d) A ₹50,000 B ₹50,000 C ₹50,000

- 13 At the time of dissolution , total assets are of ₹6,00,000 and external liabilities are of ₹2,40,000. If assets realized 120% and realization expenses paid were ₹8,000 .The gain or loss on realization will be 1

- (a) Gain ₹1,20,000
- (b) Loss ₹1,20,000
- (c) Loss ₹1,12,000
- (d) Gain ₹1,12,000

- 14 Choose the correct sequence of the following transactions in context of Division of Profits. 1

- (i) Guarantee by Firm to Partners
- (ii) Guarantee by Partners to Firm
- (iii) Transfer of Profits to Profit and Loss Appropriation Account
- (iv) Guarantee by Partner to Partner

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

- 15 Yellow and White are partners. Yellow draws a fixed amount ₹1,000 at the end of every month for 6 months. Interest on drawings is charged at 8% p.a. Calculate interest on drawings of Yellow. 1

- (a) ₹260
- (b) ₹480
- (c) ₹220
- (d) ₹100

OR

Rohan, a partner withdrew ₹10,000 in the beginning of each quarter and interest on drawings was calculated as ₹3,000 at the end of accounting year 31st March 2022. What is the rate of interest on drawings charged?

- (a) 6%
- (b) 8%
- (c) 10 %
- (d) 12%

- 16 Jenni and Jamuna are partners sharing profits in the ratio of 2:1. They admit Sara for 1/5th share in future profits. On the date of admission, Jenni's capital was ₹1,02,000 and Jamuna's capital was ₹73,000. Sara is paid ₹25,000 as her share of goodwill privately and she agrees to contribute proportionate capital to the new firm. How much capital will be brought by Sara? 1
- (a) ₹43,750
 - (b) ₹37,500
 - (c) ₹50,000
 - (d) ₹40,000
- 17 The average profit earned by a firm is ₹1,50,000 which includes undervaluation of stock of ₹10,000 on an average basis. The capital invested in the business is ₹14,00,000 and the normal rate of return is 7%. Calculate goodwill of the firm on the basis of five times the super profit. 3
- 18 Amy Ltd purchased the following assets of Excel Ltd 31st March 2022. 3
Land & Building of ₹6,00,000 ; Plant and Machinery of ₹4,00,000 . The purchase consideration was ₹9,00,000 . Payment was made by accepting a Bill of Exchange in favour of Excel Ltd of ₹3,00,000 and remaining by issue of 8% Debentures of ₹100 each at a premium of 20%. Pass necessary journal entries.

OR

- Yipi Ltd. issued 20,000, 9% Debentures of ₹100 each at 10% discount to Kiti Ltd. from whom Assets of ₹2,50,000 and Liabilities of ₹80,000 were taken over. Pass entries in the books of Yipi Ltd. if these debentures were to be redeemed at 5% premium.
- 19 Anil, Manu and Sanisha were partners sharing profits in the ratio 5:3:2. Their Capitals were ₹6,00,000; ₹8,00,000 and ₹10,00,000 as on April 01, 2021. As per Partnership deed, Interest on capitals were to be provided at 10% p.a. For the year ended March 31, 2022, Profits of ₹2,00,000 were distributed by providing for Interest on capitals at 8%. 3
Pass an adjustment entry and show the workings clearly.

OR

- Prakash, Babu and Chitra entered into partnership on 1st October, 2021 to share profits and losses in the ratio of 3:1:1. Praksah guaranteed that Chitra's share of profit after charging interest on capital @ 10% p.a. would not be less than ₹40,000 p.a. Their fixed capital balances are: ₹2,00,000, ₹1,00,000 and ₹1,00,000 respectively. Profit for the year ended 31st March, 2022 was ₹1,40,000.
- Prepare Profit and Loss Appropriation A/c.
- 20 Ben, Ken and Ryan were partners in a firm sharing profits and losses in the 3:4:3. 3
Books were closed on 31st March every year. Ryan died on 1st July, 2021. As per the partnership deed Ryan's executors are entitled to his share of profit till the date of

death on the basis of average profit of the past three years. Average profit of past three years were

Year ending on 31st March,2019 ₹50,000 (Profit)

Year ending on 31st March,2020 ₹50,000 (Loss)

Year ending on 31stMarch,2021 ₹54,000 (Loss)

Ben and Ken decided to share future profits and loss at 1:2.

Journalise the transaction along with the working notes.

- 21 Rini and Vini were partners in a firm sharing profits and losses equally. On 31st March 2022 their firm was dissolved. On the date of dissolution their balance Sheet showed a Stock of ₹30,000 and Creditors of ₹35,000. After transferring stock and creditors to realisation Account the following transaction took place. 4

(a) Rini took over 40% of total stock at 20% discount.

(b) 30% of total stock was taken over by creditors of ₹10,000 in full settlement.

(c) Remaining stock was sold for cash at a profit of 25%

(d) Remaining creditors were paid in cash at a discount of 10%.

Pass necessary Journal entries for the above transaction in the books of the firm.

- 22 Fashion Styles Ltd was registered with a capital of ₹85,00,000 divided into equity shares of ₹100 each. The company invited application for 45,000 shares. The amount was payable as ₹25 on application, ₹35 on allotment, ₹25 on first call and balance on final call. Application was received for 42,000 shares and allotment was made to all applicants. Jhanvi , to whom 3,000 shares were allotted , failed to pay both the calls. Her shares were forfeited. 4

You are required to prepare the Balance Sheet of the company as per Schedule III of Companies Act, 2013, showing Share Capital balance and also prepare Notes to Accounts

- 23 Eastern Ltd. is manufacturing textile company having share capital of ₹30,00,000 divided in shares of 250 each. For diversification, the company requires an additional capital of ₹20,00,000. The company decided to raise further funds by issuing 10% debentures of ₹500 each at discount of ₹100, redeemable after 5 years at premium of 5%. Asian Ltd has balance of in securities premium and in Capital Reserve assuming debentures were issued on 1st April 2021. 6

You are required to:

a) Pass journal entries for issue of debentures

b) Prepare Loss on Issue of Debentures Account.

c) Pass entries for Interest on Debentures on March 31, 2022, assuming interest are payable yearly.

Akul and Bakul are partners sharing profits and losses in the ratio of 3:1. On 31st March, 2022 their Balance Sheet was:

Chanda was admitted for 1/6th share on the following terms:

Liabilities	₹	Assets	₹
Capital		Land and Building	60,000
Akul 70,000		Machinery	40,000
Bakul <u>30,000</u>	1,00,000	Goodwill	20,000
		Stock	5,000
General Reserve	20,000	Debtors 14,000	
Creditors	14,000	- Prov for Doubtful (<u>2,000</u>)	12,000
Outstanding Expense	8,000	Debts	
		Cash	5,000
	<u>1,42,000</u>		<u>1,42,000</u>

- Chanda will bring ₹40,000 as his share of capital and his share of goodwill premium in cash.
 - Goodwill of the firm is valued at ₹90,000.
 - Machinery were found to be overvalued by ₹15,000. Building was brought down to ₹50,000. An unrecorded assets amounted to ₹25,000
 - All debtors are good.
 - Capitals of Akul and Bakul will be adjusted on the basis of Chanda's share and adjustments will be done by opening necessary current accounts.
- You are required to prepare revaluation account and partners' capital account.

OR

Syam, Sanjay and Siva were partners in a firm sharing profits in the ratio of 2:1:1 respectively. On March 31st, 2022, the balance sheet of the firm stood as follows:

Liabilities	₹	Assets	₹
Sundry Creditors	30,000	Cash in Hand	10,000
Profit & Loss A/c	20,000	Sundry Debtors	20,000
Capital :		Stock	10,000
Shyam 50,000		Furniture	40,000
Sanjay 30,000		Building	50,000
Siva <u>20,000</u>	1,00,000	Advertisement	
		Suspense A/c	20,000
	<u>1,50,000</u>		<u>1,50,000</u>

Sanjay retired on the above-mentioned date on the following terms:

- Buildings to be appreciated by ₹5,000

- (ii) A provision for doubtful debts to be made at 5 % on debtors.
- (iii) Goodwill of the firm is valued at ₹12,000 and adjustment to be made by raising and writing off the goodwill.
- (iv) ₹4,000 was to be paid to Sanjay immediately and the balance in his capital account to be transferred to his loan account carrying interest as per the agreement.
- (v) Remaining partner decided to maintain equal capital balances, by opening current account.

Prepare the revaluation account and partner's capital accounts.

- 25 Kavita, Sindu and Isha were partners in a firm sharing profit and losses in the ratio of 3:2:1 . Isha died on 30th June 2019. After all the necessary adjustments, her capital account showed a credit balance of ₹70,600. Isha's executor was paid ₹10,600 on 1st July 2019 and the balance in three equal yearly installments starting from 30th June 2020 with interest at 10% p.a. on the unpaid amount. The firm closes its books on 31st March every year. 6

Prepare Isha's executor's Account till the amount is finally paid.

- 26 Himalya Ltd. invited applications for issuing 30,000 shares of ₹50. The amounts were payable as follows : 6

On application and allotment – ₹20 per share.

On first & final call – balance

Applications were received for 40,000 shares & allotment was made as follows :

(i) To applicants for 10,000 shares – 10,000 shares.

(ii) To applicants for 4,000 shares – nil

(iii) Balance of the applicants were allotted shares on pro-rata basis.

Excess money received with applications was adjusted towards sums due on first and final call.

Amit, who belonged to category (i) and was allotted 400 shares and Veni, who belonged to category (iii) and was allotted 500 shares failed to pay the first and final call money. Their shares were forfeited. The forfeited shares were re-issued at ₹40 per share fully paid-up.

Pass necessary journal entries for the above transactions in the books of the company.

OR

Pass entries for forfeiture and re-issue in both the following cases.

- A. The directors of a Red Desert Ltd forfeited 1,000 Equity Shares of ₹10 each issued at a premium of ₹2 per share for non-payment of allotment money of ₹5 per share including premium. The first and final call of ₹2 per share was not yet called on these shares. Of the forfeited shares 800 shares were reissued at ₹12 per share as fully paid up.
- B. Blue Desert Ltd. forfeited 2,000 shares of Rahul, who had applied for 3,000 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. All Forfeited shares were re-issued at Maximum Permissible Discount per share as

fully paid.

Part B :- Analysis of Financial Statements

(Option – I)

- 27 Which of the following statement is TRUE? 1
- (a) Cash flow statement is concerned with changes in working capital position between two balance sheet dates
 - (b) Cash generated from trading operations is equal to the net profit as reported in the profit and loss account
 - (c) Operating actives are the revenue generating activities of the enterprise
 - (d) Decrease in current liability is a source of a cash

- 28 Paid ₹7,00,000 to acquire shares in JK Ltd. And received a dividend of ₹20,000 after acquisition. These transaction will result in: 1
- (a) Cash used in Investing Activities ₹7,00,000
 - (b) Cash generated from Financing Activities ₹7,20,000
 - (c) Cash generated from Financing Activities ₹6,80,000
 - (d) Cash used in Investing Activities ₹6,80,000

OR

A company issued 20,000; 9% Debentures of ₹100 each at 10% Discount. These debentures were to be redeemed at 15% Premium at the end of 5 years. The balance in Securities Premium Account as on the date of Issue was ₹3,70,000. How this transaction will be reflected in Cash Flow Statement?

- (a) Added ₹1,30,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹20,00,000 under Financing Activities
 - (b) Added ₹5,00,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹1,80,000 under Financing Activities
 - (c) Added ₹1,30,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹18,00,000 under Financing Activities
 - (d) Added ₹5,00,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹20,00,000 under Financing Activities
- 29 Current liabilities of a company are ₹20,000, current ratio is 2.5:1 and quick ratio is 2:1. Find the value of the Inventories. 1

(a) ₹20,000	(b) ₹50,000
(c) ₹40,000	(d) ₹10,000

- 30 Which of the following is not included in cash and cash equivalents? 1
- (a) Balance with banks
 - (b) Bank deposits with 100 days of maturity
 - (c) Cheques and drafts in hand
 - (d) Cash in hand

OR

A choice of selecting a method of depreciation lies with the management which has a

bearing on financial performance and position. Which nature of financial statement is mentioned in the above sentence?

- (a) Accounting Conventions
- (b) Accounting Concepts
- (c) Accounting Standards
- (d) Accounting Policies

- 31 'Different firms follow different accounting policies and procedures' 3
Identify the limitation of Ratio Analysis highlighted in the above situation. Also explain any two other limitations of Ratio Analysis apart from the identified above.
- 32 Classify the following items under Major heads and Sub-head in the Balance Sheet of a Company as per schedule III of the Companies Act 2013. 3
- (i) Bank Overdraft
 - (ii) Mining Rights
 - (iii) Debit balance in the Statement of Profit and Loss
 - (iv) Provision for Taxation
 - (v) Public Deposits
 - (vi) Work-in-Progress
- 33 The debt equity ratio of X Ltd. is 0.5 : 1. Which of the following would increase/decrease or not change the debt equity ratio? 4
- (i) Further issue of equity shares
 - (ii) Cash received from debtors
 - (iii) Conversion of Debentures into Equity Shares
 - (iv) Redemption of debentures

OR

From the following information, Calculate Interest Coverage Ratio and Average Inventory.

Revenue from operations of a firm is ₹12,00,000.

Inventory turnover ratio is 6 times.

Gross profit ratio is 25% on Cost

Profit after interest and tax ₹6,00,000

10% Debentures ₹80,00,000

Rate of Income Tax 40%

- 34 Read the following information and answer the given questions on the basis of the same: 6

1. Net profit before tax and extra ordinary items is ₹40 000
2. Dividend paid ₹50 000
3. 10% debentures are redeemed and 8% Bank loan is raised on 31st March 2022
4. During the year, a machine costing ₹40 000 with its accumulated depreciation of 24 000 was sold at a profit of 25% of book value.
5. Patents were written off to the extent of ₹40 000 and some patents were sold at a profit of ₹20 000.

Additional Information:

Particulars	31/03/22	01/04/21
Equity Share Capital	12,00,000	10,00,000
10% Debentures	1,00,000
8% Bank Loan	2,00,000
Machinery (at Cost)	4,20,000	4,00,000
Accumulated Depreciation	1,10,000	1,00,000
Patents	1,60,000	2,80,000

You are required to Calculate:

1. Operating Profit before working capital changes
2. Cash flow from Investing Activities
3. Cash flow from financing Activities

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

ROLL NUMBER				
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SET	3
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QP.Code:055/01/3



**INDIAN SCHOOL MUSCAT
FIRST PRE BOARD EXAMINATION 2023
ACCOUNTANCY (O55)**



CLASS : XII
DATE: 08/01/2023

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 compulsory for all candidates.
4. Part – B has two options i.e. (i) Analysis of Financial Statements and (ii) Computerised Accounting. Students must attempt **only one** of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31 and 32 carries 3 marks each.
7. Questions from 21, 22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks**.

PART A

(Accounting for Partnership Firms and Companies)

- 1 Yellow and White are partners. Yellow draws a fixed amount ₹1,000 at the end of every month for 6 months. Interest on drawings is charged at 8% p.a. Calculate interest on drawings of Yellow. 1
- (a) ₹260
(b) ₹480
(c) ₹220
(d) ₹100

OR

Rohan, a partner withdrew ₹10,000 in the beginning of each quarter and interest on drawings was calculated as ₹3,000 at the end of accounting year 31st March 2022. What is the rate of interest on drawings charged?

- (a) 6%
(b) 8%

- (c) 10 %
(d) 12%
- 2 Jenni and Jamuna are partners sharing profits in the ratio of 2:1. They admit Sara for 1/5th share in future profits. On the date of admission, Jenni's capital was ₹1,02,000 and Jamuna's capital was ₹73,000. Sara is paid ₹25,000 as her share of goodwill privately and she agrees to contribute proportionate capital to the new firm. How much capital will be brought by Sara? 1
- (a) ₹43,750
(b) ₹37,500
(c) ₹50,000
(d) ₹40,000
- 3 Which statement best explains Reserve Capital? 1
- (a) Part of the subscribed capital which company resolves not to call except in the event of it being wound up
(b) Part of the subscribed capital which company resolves to call except in the event of it being wound up
(c) Which is created out of capital profits and is not free for distribution as dividend
(d) Part of capital which is for the time being subscribed by the members of a company.
- 4 Choose the correct sequence of the following transactions in context of Division of Profits. 1
- (i) Guarantee by Firm to Partners
(ii) Guarantee by Partners to Firm
(iii) Transfer of Profits to Profit and Loss Appropriation Account
(iv) Guarantee by Partner to Partner
- (a) (i) (iii) (iv) (ii)
(b) (iii) (i) (ii) (iv)
(c) (iii) (ii) (i) (iv)
(d) (ii) (iii) (iv) (i)
- 5 Vini and Mini are partners sharing profits and losses in the ratio of 3:2. The firm maintains fluctuating capital accounts and the balance of the same as on 31st March 2022 is ₹2,00,000 and ₹2,32,500 for Vini and Mini respectively. Vini withdrew ₹7,500 on each quarter and Mini withdrew ₹15,000 half yearly. As per the partnership Deed, Interest on capital at 10% p.a. on opening capital has been allowed to them. Calculate the opening capital of Vini given that the divisible profits during the year 2021-22 was ₹1,25,000. 1
- (a) ₹1,65,000
(b) ₹2,20,000
(c) ₹2,00,000
(d) ₹1,60,000

- 6 Purni and Renu are partners in a clay toys making firm. Their capitals were ₹2,00,000 and ₹4,00,000 respectively. The firm allowed Purni to get a commission of 10% on the net profit before charging any commission amounted to ₹22,000 and Renu to get a commission of 10% on the net profit after charging all commission. Purni's share of profit will be :- 1
- (a) ₹90,000
 - (b) ₹72,000
 - (c) ₹1,08,000
 - (d) ₹80,000
- 7 Ajay, Jay and Vijay are partners in a firm sharing profit and losses in the ratio of 6:4:1. Ajay guaranteed a profit of ₹15,000 to Vijay. The net profit for the year ending 31st March 2022 was ₹99,000. Ajay's share in the profit of the firm will be 1
- (a) ₹30,000
 - (b) ₹15,000
 - (c) ₹48,000
 - (d) ₹45,000
- 8 Amit, Biny and Sandy are partners in a firm with capital balances of ₹25,000, ₹35,000 and ₹40,000 respectively on 31st March, 2022. Sandy decides to retire from the firm on 31st March, 2022. With the help of the information provided, calculate the amount to be paid to Sandy on her retirement. There existed a general reserve of ₹9,000 in the balance sheet on that date. The goodwill of the firm was valued at ₹30,000. Loss on revaluation was ₹24,000. 1
- (a) ₹55,000
 - (b) ₹65,000
 - (c) ₹45,000
 - (d) ₹49,000

OR

- A, B and C are partners. A's capital is ₹3,00,000 and B's capital is ₹1,00,000. C has not invested any amount as capital but advanced loan to the firm is ₹1,00,000. C demands interest on loan at 9% per annum, though the deed is silent. Firm earned a operating profit of ₹1,50,000. How much will each partner receives as an appropriation of profits?
- (a) A ₹55,000 B ₹55,000 C ₹55,000
 - (b) A ₹47,000 B ₹47,000 C ₹47,000
 - (c) A ₹48,000 B ₹48,000 C ₹48,000
 - (d) A ₹50,000 B ₹50,000 C ₹50,000
- 9 Bright Ltd. offered certain number of shares ₹100 each for public subscription at 25% premium. The share was payable as ₹40 on application and balance on allotment, with premium. Public had applied for 90,000 shares. Pro-rata allotment was made in the ratio of 4:3 to 80,000 applicants and remaining applications were sent letters of regret. What is the number of shares offered to the public? 1
- (a) 67,500
 - (b) 60,000

(c) 1,20,000

(d) 10,000

- 10 The company need additional funds of ₹10,00,000 for which they decided to issue 8% Debentures of ₹100 at 10% premium. These debentures were to be redeemed at 20% premium after 4 years. Loss on issue can be write off by assuming there was existing balance of Securities Premium Account of ₹50,000.

1

(a) Debit Securities Premium ₹50,000 ; Statement of P/L A/c ₹1,50,000

(b) Debit Securities Premium ₹1,00,000 ; Statement of P/L A/c ₹2,00,000

(c) Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹1,50,000

(d) Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹50,000

OR

Wise Ltd. issued 80,000, 10% Debentures of ₹100 each at certain rate of discount and were to be redeemed at 20% premium. Existing balance of Securities Premium before issuing of these debentures was ₹25,00,000 and after writing off Loss on Issue of Debentures, the balance in Securities Premium was ₹5,00,000. At what rate of discount, these debentures were issued?

(a) 10%

(b) 5%

(c) 25%

(d) 15%

- 11 Bella, Della and Kelly were partners in a firm sharing profits and losses in the ratio of 5: 3: 2. With effect from 1st April 2022, they agreed to share future profits and losses in the ratio of 2: 5: 3. They decide to record the effect of the following revaluations without affecting the book values of assets and liabilities.

1

	Book value ₹	Revised Value ₹
Sundry Debtors	30,000	35,000
Sundry Creditors	45,000	50,000
Accrued Incomes	15,000	10,000

Which of the following is the correct treatment of the above?

	Particulars	₹	₹
(a)	Kelly Capital A/c Dr To Bella Capital A/c To Della Capital A/c	5,500	3,000 2,000
(b)	Della Capital A/c Dr Kelly Capital A/c Dr To Bella Capital A/c	1,000 500	1,500

(c)	Bella Capital A/c	Dr	3,000	
	Della Capital A/c	Dr	2,000	
	To Kelly Capital A/c			5,000
(d)	Bella Capital A/c	Dr	1,500	
	To Della Capital A/c			1,000
	To Kelly Capital A/c			500

OR

Amrit and Bimal are partners sharing profits and loss equally. Bimal has given his property on rent to the firm on 1st April 2021 at a monthly rent of ₹500.

Determine the amount of profit/loss to be shared by each partner for the year ended 31st March 2022 if the profit before rent payable for the year amounted to ₹ ₹3,000.

(a) Share of profit Amrit ₹4,500 Bimal ₹4,500

(b) Share of loss Amrit ₹1,500 Bimal ₹1,500

(c) Share of profit Amrit ₹1,500 Bimal ₹1,500

(d) Share of loss Amrit ₹4,500 Bimal ₹4,500

- 12 If 10,000 shares of ₹30 each were forfeited for non-payment of final call money of ₹3 per share and only 7,000 shares were re-issued at ₹31 per share as fully paid up, then what is the Minimum Reissue Price that company can allow at the time of re-issue of the remaining 3,000 shares? 1

(a) ₹3 per 3,000 shares

(b) ₹31 per 3,000 shares

(c) ₹30 per 3,000 shares

(d) ₹27 per 3,000 shares

- 13 Super Ltd. Issued 10,000 equity shares of ₹25 each at a premium of 20%. Mamta who has been allotted 2,000 shares did not pay first and final call of ₹5 per share. On forfeiture of Mamta's share, Securities premium Account is 1

(a) Debited to ₹10,000

(b) Credited to ₹10,000

(c) Debited to ₹50,000

(d) Neither debited nor credited

OR

Section 52(2) of the companies Act 2013 restricts the use of securities premium received except

(a) for issuing fully paid right shares

(b) for writing off preliminary expense

(c) for issuing fully paid bonus shares

(d) for purchase of own shares

- 14 Assertion (A):- Firm gave a Loan of ₹20,000 to Roni a partner without any agreement. Interest on loan to Roni is charged at 6%. 1

Reason (R):- In the presence of partnership deed, interest on loan by a partner is fixed at 6%.

- (a) (A) is correct but (R) is incorrect.
 (b) Both (A) and (R) are correct, but (R) is not the correct explanation of (A)
 (c) Both (A) and (R) are incorrect.
 (d) Both (A) and (R) are correct, and (R) is the correct explanation of (A)
- 15 Chinnu and Bheem were partners sharing profits and losses in the ratio of 3: 1. Raju was admitted for $\frac{5}{16}$ th share in the profits. Chinnu surrendered $\frac{1}{4}$ th of her share in favour of Raju and Bheem surrendered $\frac{1}{8}$ th from his share in favour of Raju. The Sacrificing ratio of Chinnu and Bheem are 1
- (a) 1:1
 (b) 3:2
 (c) 1:3
 (d) 9:2
- 16 At the time of dissolution, total assets are of ₹24,00,000 and external liabilities are of ₹9,60,000. If assets realized 120% and realization expenses paid were ₹32,000 .The gain or loss on realization will be 1
- (a) Gain ₹4,80,000
 (b) Loss ₹4,80,000
 (c) Loss ₹4,48,000
 (d) Gain ₹4,48,000

- 17 Anil, Manu and Sanisha were partners sharing profits in the ratio 5:3:2. Their Capitals were ₹6,00,000; ₹8,00,000 and ₹10,00,000 as on April 01, 2021. As per Partnership deed, Interest on capitals were to be provided at 10% p.a. For the year ended March 31, 2022, Profits of ₹2,00,000 were distributed by providing for Interest on capitals at 8%. 3
- Pass an adjustment entry and show the workings clearly.

OR

Prakash, Babu and Chitra entered into partnership on 1st October, 2021 to share profits and losses in the ratio of 3:1:1. Prakash guaranteed that Chitra's share of profit after charging interest on capital @ 10% p.a. would not be less than ₹40,000 p.a. Their fixed capital balances are: ₹2,00,000, ₹1,00,000 and ₹1,00,000 respectively. Profit for the year ended 31st March, 2022 was ₹1,40,000.

Prepare Profit and Loss Appropriation A/c.

- 18 Ben, Ken and Ryan were partners in a firm sharing profits and losses in the 3:4:3. Books were closed on 31st March every year. Ryan died on 1st July, 2021. As per the partnership deed Ryan's executors are entitled to his share of profit till the date of death on the basis of average profit of the past three years. Average profit of past three years were 3
- Year ending on 31st March,2019 ₹50,000 (Profit)
 Year ending on 31st March,2020 ₹50,000 (Loss)
 Year ending on 31st March,2021 ₹54,000 (Loss)
 Ben and Ken decided to share future profits and loss at 1:2.
 Journalise the transaction along with the working notes.

- 19 The average profit earned by a firm is ₹37,500 which includes undervaluation of stock of ₹2,500 on an average basis. The capital invested in the business is ₹3,50,000 and the normal rate of return is 7%. Calculate goodwill of the firm on the basis of five times the super profit 3
- 20 Amy Ltd purchased the following assets of Excel Ltd 31st March 2022. 3
Land & Building of ₹6,00,000 ; Plant and Machinery of ₹4,00,000 . The purchase consideration was ₹9,00,000 . Payment was made by accepting a Bill of Exchange in favour of Excel Ltd of ₹3,00,000 and remaining by issue of 8% Debentures of ₹100 each at a premium of 20%. Pass necessary journal entries.
- OR**
- Yipi Ltd. issued 20,000, 9% Debentures of ₹100 each at 10% discount to Kiti Ltd. from whom Assets of ₹2,50,000 and Liabilities of ₹80,000 were taken over. Pass entries in the books of Yipi Ltd. if these debentures were to be redeemed at 5% premium.
- 21 Fashion Styles Ltd was registered with a capital of ₹85,00,000 divided into equity shares of ₹100 each. The company invited application for 45,000 shares. The amount was payable as ₹25 on application, ₹35 on allotment, ₹25 on first call and balance on final call. Application was received for 42,000 shares and allotment was made to all applicants. Jhanvi , to whom 3,000 shares were allotted , failed to pay both the calls. Her shares were forfeited. 4
You are required to prepare the Balance Sheet of the company as per Schedule III of Companies Act, 2013, showing Share Capital balance and also prepare Notes to Accounts
- 22 Rasmi and Celine were partners in a firm sharing profits and losses equally. On 31st March 2022 their firm was dissolved. On the date of dissolution their balance Sheet showed a Stock of ₹1,20,000 and Creditors of ₹1,40,000. After transferring stock and creditors to realisation Account the following transaction took place. 4
(a) Rasmi took over 40% of total stock at 20% discount.
(b) 30% of total stock was taken over by creditors of ₹40,000 in full settlement.
(c) Remaining stock was sold for cash at a profit of 25%
(d) Remaining creditors were paid in cash at a discount of 10%.
Pass necessary Journal entries for the above transaction in the books of the firm.
- 23 Akul and Bakul are partners sharing profits and losses in the ratio of 3:1. On 31st March, 2022 their Balance Sheet was: 6

Chanda was admitted for 1/6th share on the following terms:

Liabilities	₹	Assets	₹
Capital		Land and Building	60,000
Akul 70,000		Machinery	40,000
Bakul <u>30,000</u>	1,00,000	Goodwill	20,000
		Stock	5,000
General Reserve	20,000	Debtors 14,000	
Creditors	14,000	- Prov for Doubtful (<u>2,000</u>)	12,000
Outstanding Expense	8,000	Debts	
		Cash	5,000
	<u>1,42,000</u>		<u>1,42,000</u>

- Chanda will bring ₹40,000 as his share of capital and his share of goodwill premium in cash.
 - Goodwill of the firm is valued at ₹90,000.
 - Machinery were found to be overvalued by ₹15,000. Building was brought down to ₹50,000. An unrecorded assets amounted to ₹25,000
 - All debtors are good.
 - Capitals of Akul and Bakul will be adjusted on the basis of Chanda's share and adjustments will be done by opening necessary current accounts
- . You are required to prepare revaluation account and partners' capital account.

OR

Syam, Sanjay and Siva were partners in a firm sharing profits in the ratio of 2:1:1 respectively. On March 31st, 2022, the balance sheet of the firm stood as follows:

Liabilities	₹	Assets	₹
Sundry Creditors	30,000	Cash in Hand	10,000
Profit & Loss A/c	20,000	Sundry Debtors	20,000
Capital :		Stock	10,000
Shyam 50,000		Furniture	40,000
Sanjay 30,000		Building	50,000
Siva <u>20,000</u>	1,00,000	Advertisement	20,000

		Suspense A/c	
	<u>1,50,000</u>		<u>1,50,000</u>

Sanjay retired on the above-mentioned date on the following terms:

- (i) Buildings to be appreciated by ₹5,000
- (ii) A provision for doubtful debts to be made at 5 % on debtors.
- (iii) Goodwill of the firm is valued at ₹12,000 and adjustment to be made by raising and writing off the goodwill.
- (iv) ₹4,000 was to be paid to Sanjay immediately and the balance in his capital account to be transferred to his loan account carrying interest as per the agreement.
- (v) Remaining partner decided to maintain equal capital balances, by opening current account.

Prepare the revaluation account and partner's capital accounts.

- 24 Western Ltd. is manufacturing textile company having share capital of ₹15,00,000 divided in shares of 200 each. For diversification, the company requires an additional capital of ₹10,00,000. The company decided to raise further funds by issuing 10% debentures of ₹300 each at discount of ₹100, redeemable after 5 years at premium of 5%. Asian Ltd has balance of in securities premium and in Capital Reserve assuming debentures were issued on 1st April 2021. 6

You are required to:

- a) Pass journal entries for issue of debentures
- b) Prepare Loss on Issue of Debentures Account.
- c) Pass entries for Interest on Debentures on March 31, 2022, assuming interest are payable yearly.

- 25 Himalya Ltd. invited applications for issuing 30,000 shares of ₹50. The amounts were payable as follows : 6

On application and allotment – ₹20 per share.

On first & final call – balance

Applications were received for 40,000 shares & allotment was made as follows :

- (i) To applicants for 10,000 shares – 10,000 shares.
- (ii) To applicants for 4,000 shares – nil
- (iii) Balance of the applicants were allotted shares on pro-rata basis.

Excess money received with applications was adjusted towards sums due on first and final call.

Amit, who belonged to category (i) and was allotted 400 shares and Veni, who belonged to category (iii) and was allotted 500 shares failed to pay the first and final call money. Their shares were forfeited. The forfeited shares were re-issued at ₹40 per share fully paid-up.

Pass necessary journal entries for the above transactions in the books of the company.

OR

Pass entries for forfeiture and re-issue in both the following cases.

- A. The directors of a Red Desert Ltd forfeited 1,000 Equity Shares of ₹10 each issued at a premium of ₹2 per share for non-payment of allotment money of ₹5 per share including premium. The first and final call of ₹2 per share was not yet called on these shares. Of the forfeited shares 800 shares were reissued at ₹12 per share as fully paid up.
- B. Blue Desert Ltd. forfeited 2,000 shares of Rahul, who had applied for 3,000 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. All Forfeited shares were re-issued at Maximum Permissible Discount per share as fully paid.

- 26 Kavita, Sindu and Isha were partners in a firm sharing profit and losses in the ratio of 3:2:1. Isha died on 30th June 2019. After all the necessary adjustments, her capital account showed a credit balance of ₹70,600. Isha's executor was paid ₹10,600 on 1st July 2019 and the balance in three equal yearly installments starting from 30th June 2020 with interest at 10% p.a. on the unpaid amount. The firm closes its books on 31st March every year. 6

Prepare Isha's executor's Account till the amount is finally paid.

Part B :- Analysis of Financial Statements

(Option – I)

- 27 Current liabilities of a company are ₹20,000, current ratio is 2.5:1 and quick ratio is 2:1. Find the value of the Inventories. 1

(a) ₹20,000	(b) ₹50,000
(c) ₹40,000	(d) ₹10,000

- 28 Which of the following is not included in cash and cash equivalents? 1
- (a) Balance with banks
 - (b) Bank deposits with 100 days of maturity
 - (c) Cheques and drafts in hand
 - (d) Cash in hand

OR

A choice of selecting a method of depreciation lies with the management which has a bearing on financial performance and position. Which nature of financial statement is mentioned in the above sentence?

- (a) Accounting Conventions
 - (b) Accounting Concepts
 - (c) Accounting Standards
 - (d) Accounting policies
- 29 Which of the following statement is TRUE? 1
- (a) Cash flow statement is concerned with changes in working capital position between two balance sheet dates
 - (b) Cash generated from trading operations is equal to the net profit as reported in the profit and loss account
 - (c) Operating actives are the revenue generating activities of the enterprise

- (d) Decrease in current liability is a source of a cash
- 30 Paid ₹7,00,000 to acquire shares in JK Ltd. And received a dividend of ₹20,000 after 1
acquisition. These transaction will result in:
- (a) Cash used in Investing Activities ₹7,00,000
 - (b) Cash generated from Financing Activities ₹7,20,000
 - (c) Cash generated from Financing Activities ₹6,80,000
 - (d) Cash used in Investing Activities ₹6,80,000

OR

A company issued 20,000; 9% Debentures of ₹100 each at 10% Discount. These debentures were to be redeemed at 15% Premium at the end of 5 years. The balance in Securities Premium Account as on the date of Issue was ₹3,70,000. How this transaction will be reflected in Cash Flow Statement?

- (a) Added ₹1,30,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹20,00,000 under Financing Activities
 - (b) Added ₹5,00,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹1,80,000 under Financing Activities
 - (c) Added ₹1,30,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹18,00,000 under Financing Activities
 - (d) Added ₹5,00,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹20,00,000 under Financing Activities
- 31 Classify the following items under Major heads and Sub-head in the Balance Sheet of 3
a Company as per schedule III of the Companies Act 2013.
- (i) Bank Overdraft
 - (ii) Mining Rights
 - (iii) Debit balance in the Statement of Profit and Loss
 - (iv) Provision for Taxation
 - (v) Public Deposits
 - (vi) Work-in-Progress

- 32 'Ratio Analysis is a technique of quantitative analysis.' 3
Identify the limitation of Ratio Analysis highlighted in the above situation. Also explain any two other limitations of Ratio Analysis apart from the identified above.
- 33 From the following information, Calculate Interest Coverage Ratio and Average 4
Inventory.

Revenue from operations of a firm is ₹12,00,000.

Inventory turnover ratio is 6 times.

Gross profit ratio is 25% on Cost

Profit after interest and tax ₹6,00,000

10% Debentures ₹80,00,000

Rate of Income Tax 40%

OR

The debt equity ratio of X Ltd. is 0.5 : 1. Which of the following would increase/decrease or not change the debt equity ratio?

- (i) Further issue of equity shares

(ii) Cash received from debtors

(iii) Conversion of Debentures into Equity Shares

(iv) Redemption of debentures

34 Read the following information and answer the given questions on the basis of the same: 6

1. Net profit before tax and extra ordinary items is ₹40 000
2. Dividend paid ₹50 000
3. 10% debentures are redeemed and 8% Bank loan is raised on 31st March 2022
4. During the year, a machine costing ₹40 000 with its accumulated depreciation of ₹24 000 was sold at a profit of 25% of book value.
5. Patents were written off to the extent of ₹40 000 and some patents were sold at a profit of ₹20 000.

Additional Information:

Particulars	31/03/22 ₹	01/04/21 ₹
Equity Share Capital	12,00,000	10,00,000
10% Debentures	1,00,000
8% Bank Loan	2,00,000
Machinery (at Cost)	4,20,000	4,00,000
Accumulated Depreciation	1,10,000	1,00,000
Patents	1,60,000	2,80,000

You are required to Calculate:

1. Operating Profit before working capital changes
2. Cash flow from Investing Activities
3. Cash flow from financing Activities

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