



**INDIAN SCHOOL MUSCAT**  
**FIRST PRE-BOARD EXAMINATION**  
**ACCOUNTANCY**

CLASS: XII

Sub. Code: 055

Time Allotted: 3 Hrs.

09.03.2021

Max. Marks: 80

**General Instructions:**

- (a) This question paper comprises two Parts – A and B. There are 32 questions in the question paper. All Questions are compulsory.
- (b) Part A is compulsory for all candidates.
- (c) Question nos. 1 to 13 and 23 to 29 are very short answer type questions carrying 1 mark each.
- (d) Question nos. 14 and 30 are short answer type–I questions carrying 3 marks each.
- (e) Question nos. 15 to 18 and 31 are short answer type–II questions carrying 4 marks each.
- (f) Question nos. 19, 20 and 32 are long answer type–I questions carrying 6 marks each.
- (g) Question nos. 21 and 22 are long answer type–II questions carrying 8 marks each.
- (h) 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.
- (i) Draw appropriate formats.
- (j) Use of Calculators is NOT Allowed.

**Part- A****(Accounting for Not for Profit organizations, Partnership firms and Companies)**

- 1 In case the partners' capitals are fixed, in which account will withdrawal of capital be recorded ? 1
- 2 Meera, Myra and Neera were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of ₹45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be : 1
  - (A) ₹18,000, ₹18,000 and ₹9,000
  - (B) ₹15,000, ₹ 15,000 and ₹ 15,000
  - (C) ₹21,000, ₹15,000 and ₹ 9,000
  - (D) ₹ 22,500, ₹22,500 and Nil
- 3 Mona and Tina were partners in a firm sharing profits in the ratio of 3 : 2. Naina was admitted with  $\frac{1}{6}$ th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 32,000. The claim on account of workmen's compensation was determined at ₹ 40,000. Excess of claim over the reserve will be : 1
  - (A) Credited to Revaluation Account.
  - (B) Debited to Revaluation Account.
  - (C) Credited to old partner's Capital Account.
  - (D) Debited to old partner's Capital Account.

- 4 Diya, Riya and Tiya were partners sharing profits and losses in the ratio of 2 : 3 : 5. Tiya died on 28<sup>th</sup> November, 2019. Her share of profit was taken equally by Diya and Riya. Diya's share of profit in the new firm will be \_\_\_\_\_ . 1
- 5 X and Y were partners in a firm sharing profits in the ratio of 7 : 3. Z was admitted for  $\frac{1}{5}$ <sup>th</sup> share in the profits which he took 75% from X and remaining from Y. Calculate the sacrificing ratio of X and Y. 1
- 6 Name an item that is never shown on the payment side of Receipts and Payments Account, but is shown on the debit side of the Income and Expenditure Account. 1
- 7 A, B and C were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. C retired and his capital balance after adjustments regarding reserves, accumulated profits/losses and his share of gain on revaluation was ₹2,50,000. C was paid ₹ 3,22,000 including his share of goodwill. The amount credited to C's capital account, on his retirement, for goodwill will be : 1
- (A) ₹72,000 (B) ₹7,200 (C) ₹24,000 (D) ₹36,000
- 8 Rahul, Sahil and Jatin were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. Rahul died on 15th October, 2017. At that time, the capitals of Sahil and Jatin after all the adjustments were ₹3,56,000 and ₹2,44,000 respectively. Sahil and Jatin decided to adjust their capital according to their new profit sharing ratio by opening current accounts. Calculate the new capitals of Sahil and Jatin.
- 9 Sun and Star were partners in a firm sharing profits in the ratio of 2 : 1. Moon was admitted as a new partner in the firm. New profit sharing ratio was 3 : 3 : 2. Moon brought the following assets towards his share of goodwill and his capital : Machinery ₹2,00,000 Furniture ₹1,20,000 Stock ₹80,000 Cash ₹50,000. 1
- If his capital is considered as ₹ 3,80,000, the goodwill of the firm will be :
- (A) ₹70,000 (B) ₹ 2,80,000 (C) ₹ 4,50,000 (D) ₹ 1,40,000
- 10 Rohan, Mohan and Sohan were partners sharing profits equally. At the time of dissolution of the partnership firm, Rohan's loan to the firm will be : 1
- (A) Credited to Rohan's Capital Account.  
(B) Debited to Realisation Account.  
(C) Credited to Realisation Account.  
(D) Credited to Bank Account
- 11 Excess of issue price of a debenture over its face value is called \_\_\_\_\_ 1
- 12 Which of the following statements does not relate to 'Reserve Capital' : 1
- (A) It is part of uncalled capital of a company.  
(B) It cannot be used during the lifetime of a company.  
(C) It can be used for writing off capital losses.  
(D) It is part of subscribed capital.
- 13 Name an item which is transferred to credit side of Realisation Account at the time of dissolution of partnership firm, but does not involve cash payment. 1

- 14 How will you deal with the following items while preparing the Income and Expenditure Account for the year ending on 31st March, 2019:

Particulars	Amount(₹)
Stock of Sports material (01-04-2018)	1,20,000
Amount paid to creditors (during 2018-19)	6,00,000
Creditors for Sports Materials (01-04-2018)	2,00,000
Creditors for Sports Materials (31-03-2019)	160000
Sports Material sold During the year (Book Value ₹70,000)	30000
Cash Purchases of Sports Material (During the Year 2018-19)	2,60,000
There was zero stock at the end of financial year 2018-19.	

**OR**

Calculate the amount of Subscription to be credited to Income and Expenditure account for the year 2019-20.

Particulars	Amount(₹)
Amount received during the year ( including ₹ 20,000 for 2018-19, ₹ 30,000 for 2020-21 and ₹ 10,000 for 2021-22)	7,80,000
Subscription received in advance as on 01-04-2019(including ₹ 30,000 for 2020-21)	70,000
Subscription in arrears as on 01-04-2019	80,000
Subscription in arrears as on 31-03-2020	50,000
Out of subscription in arrears on 01-04-2019, ₹ 15,000 are no longer recoverable.	

- 15 Sajal and Sanskar are partners in a firm sharing profits in the ratio 2 : 3. Their capital accounts as on April 1, 2019, showed balances of ₹ 70,000 and ₹ 60,000 respectively. The drawings of Sajal and Sanskar during the year 2019-2020 were ₹ 16,000 and ₹ 12,000 respectively. Both the amounts were withdrawn on 1st January 2020. It was subsequently found that the following items had been omitted while preparing the final accounts for the year ended 31st March, 2020:

- (i) Interest on capitals @ 6% p.a.;
- (ii) Interest on drawings @ 6% p.a.;
- (iii) Sajal was entitled to a commission of ₹ 4,000 for the whole year.

Showing your workings clearly, pass a rectifying entry in the books of the firm.

**OR**

A and B are partners sharing profits equally their capitals at end of 2020 are ₹ 3,50,000 and ₹ 2,20,000 respectively. During the year ended 31 Dec. 2020, A's and B's drawing were ₹ 20,000 and ₹ 15,000 respectively. Interest on drawing debited to them were ₹ 1,000 and ₹ 750 respectively. Profits (before allowing interest on capital but after charging interest on drawings) during the year were ₹ 40,000. Calculate interest on capital @ 10% p.a. for year ended 31 Dec. 2020.

16 Fill the missing figures in the following journal entries:

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Date	Particulars	L F	Dr(₹)	Cr (₹)
	Share Capital A/c Dr To Calls in Arrears a/c To Share Forfeiture a/c (Forfeiture of 500 shares of ₹ each)		.....	..... 2000
	Bank a/c Dr Share Forfeiture a/c Dr To Share Capital (Reissue of 300 shares @----- per Share)		2,100 .....	.....
	.....a/c Dr To .....a/c ( Profit on 300 shares transferred to capital reserve a/c)		.....	.....

17 What journal entries would be recorded for the following transactions on the dissolution of a firm after various assets (other than cash) on the third party liabilities have been transferred to Realisation Account? 4

- Arti took over the Stock worth ₹ 80,000 at ₹ 68,000.
- There was unrecorded Bike of ₹ 40,000 which was taken over by Mr. Karim.
- The firm paid ₹ 40,000 as compensation to employees.
- Sundry creditors amounting to ₹ 36,000 were settled at a discount of 15%.

18 Raju and Jai commenced business in partnership on April 1, 2019. No partnership agreement was made whether oral or written. They contributed ₹4, 00,000 and ₹1,00,000 respectively as capitals. In addition, Raju advanced ₹2,00,000 as loan to the firm on October 1, 2019. Raju met with an accident on July 1, 2019 and could not attend the business up to September 30, 2019. The profit for the year ended March 31, 2020 amounted to ₹50,600. Disputes have arisen between them on sharing the profits of the firm. 4

**Raju Claims:**

- He should be given interest at 10% p.a. on capital.
- Interest on loan should be given @ 10% p.a.

**Jai Claims:**

- He should be allowed remuneration of ₹1,000 p.a. during the period of Raju's illness.
- Profit should be distributed in the proportion of capitals.

State the correct position on each issue as per the provisions of the Partnership Act. 1932.

19 Following is the Receipt and Payment Account of Indian Sports Club for the year ended 31<sup>st</sup> March 2020.

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Receipt and Payment Account for the year ending 31 <sup>st</sup> March 2020			
	(₹)		(₹)
Balance b/d	7,890	Salary	11,000
Subscriptions	52,000	Electric charges	5,500
Life membership fee	2,200	Billiard Table	17,500
Entrance fee	3,200	Office expenses	4,100
Tournament fund	26,000	Printing & Stationery	2,300
Locker Rent	1,250	Tournament expenses	18,500
Sale of old sports equipment (Costing ₹ 2,200)	2,500	Repair of ground	2,000
		Furniture purchased	7,700
Sale of old newspaper	750	Sports equipment	12,000
Legacy	37,500	Cash in hand	12,690
		Cash at bank	10,000
		Fixed deposit (on 1.01.2020 for 10%p.a)	30,000
	1,33,290		1,33,290

**Other Information:**

- (a) Subscription outstanding was on 31<sup>st</sup> March 2019 ₹ 1,200 and ₹ 3,200 on 31<sup>st</sup> March 2020.
- (b) Locker rent outstanding on 31<sup>st</sup> March 2020 ₹ 250.
- (c) Salary outstanding on 31<sup>st</sup> March 2020 ₹ 1,000.
- (d) On April 1, 2019, club has Building ₹ 36,000, furniture ₹ 12,000, and Sports equipment ₹ 17,500
- (e) Depreciation charged on these items @ 10% (including Purchase).

Prepare Income and Expenditure Account.

20 (i) Raman Limited purchased a running business from Kamal Traders and it was decided to pay for purchase consideration as ₹ 3,00,000 by cheque and for the balance issued 10,000 9% Debentures of ₹ 100 each at 20% premium.

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The assets and liabilities consisted of the following:

Particulars	Book Value(₹)	Agreed Value(₹)
Plant and Machinery	5,00,000	4,00,000
Buildings	10,00,000	6,00,000
Stock	6,00,000	5,00,000
Sundry debtors	4,00,000	3,00,000
Sundry creditors	2,50,000	2,00,000

Record necessary journal entries in the books of Raman Limited.

(ii) On 1st May, 2019 VKR Ltd. issued 10,000, 9% Debentures of ₹ 100 each at a discount of 10% redeemable at par after five years. All the Debentures were subscribed. It has a balance of ₹ 60,000 in Securities Premium Reserve which the company decided to use for writing off the losses and also decided to write off the remaining discount on issue of debentures.

Pass necessary Journal entries for Issue of Debentures and write off Discount on Issue of Debentures.

- 21 X and Y are in a partnership sharing profits and losses in the ratio of 3:2. Their balance sheet as at 31<sup>st</sup> March 2020, was as under:

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Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	15,000	Cash	5,000
General Reserve	12,000	Debtors	20,000
Workmen Compensation Reserve	18,000	Less: Provision	<u>800</u>
<b>Capital Accounts:</b>		Patents	14,800
X	60,000	Investments	8,000
Y	30,000	Fixed Assets	90,000
<b>Current Account:</b>		Goodwill	10,000
X	10,000		
Y	2,000		
	<u>1,47,000</u>		<u>1,47,000</u>

They admit Z for 1/5<sup>th</sup> share into partnership on 1<sup>st</sup> April, 2020 on the following terms:

- A provision of 5% is to be created on Debtors
  - Value of investment to be increased to ₹ 10,000
  - Value of fixed assets to be reduced by ₹ 5,000
  - Claim on account of Workmen Compensation is estimated at ₹ 10,000.
  - Mr. Ajay, to whom ₹ 5,000 were payable (already included in above creditors), drew a bill of exchange for 3 months which was duly accepted.
  - Z to bring in capital of ₹ 20,000 and ₹ 12,000 as premium for goodwill in cash.
- You are required to pass the necessary journal entries in the books of firm.

**OR**

The Balance Sheet of Ashish, Suresh and Lokesh who were sharing profits in the ratio of 5 : 3 : 2, is given below as on March 31, 2020.

Balance Sheet of Ashish, Suresh and Lokesh (As on March 31, 2020)

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Land	4,00,000
Ashish	7,20,000	Building	3,80,000
Suresh	4,15,000	Plant & Machinery	4,65,000
Lokesh	<u>3,45,000</u>	Furniture & Fittings	77,000
Reserve Fund	1,80,000	Stock	1,85,000
Sundry Creditors	1,24,000	Sundry Debtors	1,72,000
Outstanding Expresses	16,000	Cash in hand	1,21,000
	<u>18,00,000</u>		<u>18,00,000</u>

Suresh retires on the above date and the following adjustments are agreed upon his retirement.

- Stock was valued at ₹ 1,72,000.
- Furniture and fittings were valued at ₹ 80,000.
- An amount of ₹ 10,000 due from Mr. Deepak, a debtor, was doubtful and a provision for the same was required.

- d) Goodwill of the firm was valued at ₹ 2,00,000 but it was decided not to show goodwill in the books of accounts.
- e) Suresh was paid ₹ 40,000 immediately on retirement and the balance was transferred to his loan account.
- f) Ashish and Lokesh were to share future profits in the ratio of 3:2.
- Prepare Revaluation Account & Capital Account of the partners.

22 ZX Limited invited applications for issuing 5,00,000 Equity shares of ₹ 10 each payable at a premium of 8

₹ 10 each payable with Final call Amount per share was payable as follows:

On Application	₹ 2
On Allotment	₹ 3
On First Call	₹ 2
On Second & Final Call	Balance

Applications for 8,00,000 shares were received. Applications for 50,000 shares were rejected and the application money was refunded. Allotment was made to the remaining applicants as follows

Category	Number of Shares Applied	Number of Shares Allotted
I	2,00,000	1,50,000
II	5,50,000	3,50,000

Excess application money received with applications was adjusted against amount due on allotment. Balance, if any, was adjusted towards future calls. Govind, a shareholder belonging to category I, to whom 1,500 shares were allotted, paid his entire share money with allotment. Manohar belonging to category II, who had applied for 11,000 shares failed to pay 'Second & Final Call money'. Manohar's shares were forfeited after the final call. The forfeited shares were reissued at ₹ 10 per share as fully paidup.

Assuming that the company maintains "Calls in Advance Account" and "Calls in Arrears Account", pass necessary Journal entries for the above transactions in the books of ZX Limited.

OR

JK Ltd. invited applications for issuing 50,000 equity shares of ₹ 10 each at par. The amount was payable as follows :

On Application	₹ 2 per share
On Allotment	₹ 4 per share
On First and Final Call :	Balance Amount

The issue was oversubscribed three times. Applications for 30% shares were rejected and money refunded. Allotment was made to the remaining applicants as follows :

Category Allotted	Number of Shares Applied	Number of Shares
I	80,000	40,000
II	25,000	10,000

Excess money paid by the applicants who were allotted shares was adjusted towards the sums due on allotment. Deepak, a shareholder belonging to Category I, who had applied for 1,000 shares, failed to pay the allotment money. Raju, a shareholder holding 100 shares, also failed to pay the allotment money. Raju belonged to Category II. Shares of both Deepak and Raju were forfeited immediately after allotment. Afterwards, first and final call was made and was duly received. The forfeited shares of

Deepak and Raju were reissued at ₹ 11 per share fully paid up.  
 Pass necessary journal entries for the above transactions in the books of the company.

**Part-B**

**(Analysis of Financial statements)**

- 23 Which of the following transactions will result into 'Flow of Cash' ? 1  
 (a) Deposited ₹ 10,000 into bank.  
 (b) Withdrew Cash from bank ₹ 14,500.  
 (c) Sale of machinery of the book value of ₹ 74,000 at a loss of ₹ 9,000.  
 (d) Converted ₹ 2,00,000 9% debentures into equity shares.
- 24 Operating Profit Ratio = ? – Operating Ratio 1  
 (a) Non-operating Expense ratio (b) 100  
 (c) Net Profit Ratio (d) 1
- 25 Dividend is paid on : 1  
 (a) Authorised Capital (b) Subscribed Capital that is paid up  
 (c) Issued Capital (d) None of these
- 26 Dividend received by financing enterprise is shown in cash flow statement under 1  
 (a) Operating activity (b) Financing activity  
 (c) Investing activity (d) None of the above
- 27 Securities Premium Reserve is shown on the liabilities side in the Balance sheet under the head : 1  
 (a) Reserves and Surplus (b) Current Liabilities  
 (c) Share Capital (d) None of these
- 28 The \_\_\_\_\_ ratios provide the information critical to the long run operation to the firm 1  
 (a) Liquidity (b) Activity (c) Solvency (d) Profitability
- 29 The following groups of ratios are primarily measure risk : 1  
 (a) liquidity, activity, and profitability  
 (b) liquidity, activity, and inventory  
 (c) liquidity, activity, and debt  
 (d) liquidity, debt and profitability
- 30 From the following details, calculate interest coverage ratio: 3  
 Net Profit after tax ₹ 60,000  
 15% Long-term debt ₹ 10,00,000  
 Tax rate 40%.

**OR**

X Ltd., has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by inventories is ₹ 24,000, calculate current assets and current liabilities.



- 31 From the following Balance Sheet of R Ltd. Prepare a Common Size Statement  
Balance Sheet As at 31<sup>st</sup> March. 2019 and 2020

Particulars	Note No.	31.3.2019 (₹)	31.3.2020 (₹)
<b>I Equity and Liabilities</b>			
1. Shareholder's Funds:			
(a) Share Capital		2,00,000	2,50,000
(b) Reserve and Surplus		60,000	80,000
2. Current Liabilities:			
(a) Trade Payable		<u>40,000</u>	<u>70,000</u>
Total		<u>3,00,000</u>	<u>4,00,000</u>
<b>II Assets</b>			
1. Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets		1,20,000	1,60,000
(ii) Intangible Assets		30,000	20,000
2. Current Assets		30,000	80,000
(a) Inventories		1,00,000	1,20,000
(b) Trade Receivables		<u>20,000</u>	<u>20,000</u>
(c) Cash and Cash Equivalents		<u>3,00,000</u>	<u>4,00,000</u>
Total			

**OR**

Prepare Comparative Statement of Profit & Loss of "V Ltd."

Particulars	31.3.2020 (₹)	31.3.2019 (₹)
Revenue from Operations	20,00,000	10,00,000
Cost of Material Consumed	15,00,000	6,00,000
Other Expenses	12% of cost of material consumed	10% of cost of material consumed
Tax rate	40%	30%

- 32 Following are the Balance Sheets of Salim Ltd. as on 31<sup>st</sup> March 2019 and 2020:

Particulars	Note No.	2018-19 (₹)	2019-20(₹)
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders Funds			
(a) Share capital		14,00,000	10,00,000
(b) Reserves and Surplus	1	5,00,000	4,00,000
(2) Non-Current Liabilities			
Long term borrowings		5,00,000	1,40,000
(3) Current Liabilities			
Trade Payables		1,00,000	60,000
Short term Provisions	2	80,000	60,000

Total		25,80,000	16,60,000
<b>II. ASSETS</b>			
(1) Non Current Assets			
(a) Fixed assets			
(i) Tangible assets	3	16,00,000	9,00,000
(ii) Intangible Assets	4	1,40,000	2,00,000
(2) Current Assets			
(a) Inventories		2,50,000	2,00,000
(b) Trade Receivables		5,00,000	3,00,000
(c) Cash and Cash Equivalents		90,000	60,000
Total		25,80,000	16,60,000

Notes to accounts

Note .No	Particulars	2018-19 (₹)	2019-20(₹)
1	Reserves and Surplus Surplus (i.e. balance in Statement of Profit and Loss)	5,00,000	4,00,000
2	Short Term provisions		
	Provision for tax	80,000	60,000
3	Tangible assets		
	Machinery	17,60,000	10,00,000
	Less Accumulated depreciation	(1,60,000)	(1,00,000)
4	Intangible Assets		
	Goodwill	1,40,000	2,00,000

Prepare a Cash Flow Statement after taking into account the following adjustment:

- (i) Tax paid during the year amounted to ₹70,000

**End of the Question Paper**