



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

CLASS: XII

Sub. Code: 055

Time Allotted: 3 Hours.

12.04.2021

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. Question nos. **1 to 13** and **23 to 29** are very short answer type questions carrying **1** mark each.
  4. Question nos. **14** and **30** are short answer type–I question carrying **3** marks each.
  5. Question nos. **15 to 18** and **31** are short answer type–II questions carrying **4** marks each.
  6. Question nos. **19, 20** and **32** are long answer type–I question carrying **6** marks each.
  7. Question nos. **21** and **22** are long answer type–II questions carrying **8** marks each.
  8. 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.
  9. Please Attempt all parts of a question at one place.
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- 1 Reserve Capital is not a part of: 1
    - A. Authorized Capital
    - B. Subscribed capital
    - C. Unsubscribed capital
    - D. Issued Share Capital
  
  - 2 For which of the following situations, the old profit sharing ratio of partners is used at the time of admission of a new partner? 1
    - A. When new partner brings only a part of his share of goodwill.
    - B. When new partner is not able to bring his share of goodwill.
    - C. When, at the time of admission, goodwill already appears in the balance sheet.
    - D. When new partner brings his share of goodwill in cash.
  
  - 3 On Dissolution of a firm, a Debtors were ₹1,00,000. Of these ₹10,000 became bad and the rest realized 60%. Which account will be debited and how much amount? 1
    - A. Realizations A/c by ₹50,000.
    - B. Bank A/c by ₹54,000
    - C. Realisation A/c by ₹36,000
    - D. Realisation A/c by ₹54,000
  
  - 4 What Journal entry will be recorded for the Deceased Partners' share in Profit in Profit form the closure of Last Balance Sheet till the date of his death, if the Profit Sharing Ratio have changed? 1
  
  - 5 In a partnership firm, partner Akash is entitled a monthly salary of ₹5,500. At the end pf the year, the firm earned a profit of ₹4,40,000 before charging Akash's Salary. If the manager is entitled a commission of 10% on the Net Profit after charging his commission, what will be Manager's Commission? 1

- 6 A, B and C are partners sharing Profits and Losses in the ratio of 5:4:3. From 1.4.2019, they decided to share the profits in the ratio of 2:2:1. On this date there was a debit balance of ₹3,00,00 in Profit and Loss Account. Instead of closing the Profit and Loss Account, it is decided to record an Adjustment Entry for the same. Pass necessary Journal Entry. 1
- 7 A company forfeited 2,000 shares of ₹10 each fully called, on which ₹12,000 has been paid. Out of these 1,600 shares were reissued upon payment of ₹13,600. What is the amount to be transferred to Capital Reserve? 1
- A. ₹9,600
  - B. ₹7,200
  - C. ₹5,600
  - D. ₹1,600
- 8 The Balance sheet of X and Y who share Profits and Losses in the ratio of 3:2 the firm shows X and Y are partners with a Capital of ₹48,000 and 32,000 respectively. Reserve of ₹60,000 and Profit and Loss of ₹25,000 as well as Advertisement Suspense of ₹15,000 on 31st March 2020. Z is admitted as a partner on 1st April for  $\frac{1}{5}$ <sup>th</sup> share in the profits of the firm. Z brings in ₹50,000 as his capital. Give Journal Entry for the adjustment of Goodwill. 1
- 9 What is the Journal entry passed for 5% transfer of Profits (₹3,00,000) to General Reserve? 1
- 10 Interest on Debentures is a ----- against the profits of the Company. 1
- 11 Give Journal entry to distribute "Workmen Compensation Reserve" of ₹50,000 at the time of retirement of C, when there is a claim of ₹10,000 against it. The firm has three partners A, B and C sharing Profits in the ratio of 5:3:2. 1
- 12 On Dissolution Fictitious Assets are transferred to: 1
- A. Cash Account
  - B. Dr. side of Realisation A/c
  - C. Capital Account of Partners
  - D. Cr. Side of Realization Account
- 13 What is Legacy? 1

14 Calculate the subscription income for the year 2018-2019 from the following information:

3

Particulars	₹
Subscription received during the year	60,000
Subscription outstanding as on 1-4-2018	5,000
Subscription received in advance as on 1-4-2018	4,000
Subscription outstanding as on 31-3-2019	10,000
Subscription received in advance on 31-3-2019	2,000

OR

Calculate the value of stationaries to be debited to income and expenditure account from the following information:

Particulars	₹
Opening stock of stationaries	12,000
Payment made for stationery during the year	30,000
Creditors for stationaries at the beginning of the year	4,000
Creditors for stationaries at the end of the year	7,500
Advance for stationery paid at the end of the year	3,000
Closing stock of stationaries	8000

15 (a) Vipin, David and Mrinal are partners in a trading firm contributing ₹20,000 each to the capital of the firm. Under the partnership deed in the event of death of a partner the partners were entitled to :

Profit up to the date of death be based on the average profits of last 3 years.

David died on 1.1.2019. The profits for the three years ending 31 March 2016 , 2017 and 2018 were ₹21,200; ₹3,200 (loss) and ₹9,000 respectively.

Calculate the amount of profit to be paid to David's executors.

OR

(b) Complete the following journal entries and missing figures which the accountant had forgotten to post at the time of admission of a partner:

Date	Particulars	Dr (₹)	Cr(₹)
2018 April 1 <sup>st</sup> (i)	Cash A/C Dr	1,50,000	
	To Raman's Capital A/C		1,00,000
	To -----		50,000
	(being amount of premium for goodwill and capital brought in by Raman)		
2018 April 1 <sup>st</sup> (ii)	Premium for Goodwill A/C Dr	-----	
	To Naman's Capital A/C		-----
	To Shaman's Capital A/C		-----
	(being premium for goodwill distributed between old partners on the basis of their sacrificing ratio,i.e. 2:3)		
2018 April 1 <sup>st</sup> (iii)	----- Dr	-----	
	----- Dr	-----	
	To -----		-----
	(being half of amount of premium for goodwill withdrawn by old partners)		

- 16 Seema and Meena decided to start a partnership firm to manufacture low cost jute bags as plastic bags were creating many environmental problems. They contributed capitals of ₹1,00,000 and ₹50,000 on 1<sup>st</sup> April 2018 for this. Seema expressed her willingness to admit Neema as a partner without capital, who is specially abled but very creative and intelligent friend of her. Meena agrees to this. The terms of partnership were as follows: 4

(i) Seema, Meena and Neema will share profits in the ratio of 2:2:1.

(ii) Interest on Capital will be provided @6%p.a.

Due to shortage of Capital in the firm, Seema contributed ₹25,000 on 30<sup>th</sup> September 2018 and Meena contributed ₹10,000 on 1<sup>st</sup> January 2019 as additional Capital. The profit of the firm for the year ended 31<sup>st</sup> March 2019 before interest on capital was ₹1,68,900.

Prepare the Profit and Loss Appropriation account for the year ended 31<sup>st</sup> March 2019

**OR**

Mudit and Uday are partners in a firm sharing profits in the ration 2:3. Their capital accounts as on April 1, 2019 showed balances of ₹70,000 and ₹60,000 respectively. The drawings of Mudit and Uday during the year 2019-20 were 16,000 and 12,000 respectively. Both the amounts were withdrawn on 1st January 2016. It was subsequently found that the following items had been omitted while preparing the final accounts for the year ended 31st March 2020.

(a) Interest on capital @6% p.a.

(b) Interest on drawings @ 6% p.a.

(c) Mudit was entitled to a commission of ₹4,000 for the whole year.

(d) Showing your working clearly, pass a rectifying entry in the books of the firm.

- 17 Pass journal entries in the books of accounts in case of dissolution of a firm: 4
- Loan of ₹10,000 advanced by a partner Y to the firm was refunded.
  - Undistributed balance of Profit & Loss A/C (Dr) ₹45,000. The firm had X, Y and Z as partners.
  - A Contingent liability of ₹4,000 was paid now.
  - Realisation expenses paid by Partner Y ₹1,000.

- 18 Abha. Electronics Ltd. purchased machinery for ₹1,98,000 and issued 9% debentures of ₹100 each to the vendors. 4

Make journal entries if the debentures were issued (a) At par (b) at a premium of ₹10 (c) at a discount of ₹10.

- 19 The receipt and Payment account of Ram Manohar Charitable Institution is given below: 6

**Receipt and Payment Account for the year ending 31-3-2019**

Receipts	Amount	Payment	Amount
Balance B/d:		Furniture	3,000
Cash at Bank	22,000	Investments	55,000
Cash in hand	8,800	Advance for building	20,000
Donations	32,000	Charities	60,000
Subscriptions	50,200	Salaries	10,400
Endowment Fund	60,000	Rent and taxes	4,000
Legacies	24,000	Printing	1,000
Interest on Investment	3,800	Postage	300
Interest on deposits	800	Advertisements	1,000
Sale of old newspapers	500	insurance	4,800

		Balance C/d:	
		Cash at bank	32,000
		Cash in hand	10,500
	<b>2,02,100</b>		<b>42,500</b>
			<b>2,02,100</b>

Prepare the income and expenditure account for the year ended on 31<sup>st</sup> March 2019 after considering the following :

- It was decided to treat fifty percent of the amount received on account of Legacies and Donations as income.
- Liabilities to be provided for are : Rent ₹ 800, salaries ₹1,200, advertisement ₹200
- ₹2,000 due for interest on investment was not actually received.

- 20 a) Pass necessary Journal entries for issue of Debentures for the following: 6
- R Ltd issued 750, 12% debentures of ₹100 each at a discount of 10% redeemable at a premium of 5%.
  - S Ltd issued 800 , 9% debentures of ₹100 each at a Premium of ₹20 per debenture redeemable debenture.
- b) Bansal Heavy Machine Ltd. Purchases assets worth ₹4,00,000 at ₹3,20,000 from Hoshiar Trader Ltd. And took creditors of ₹70,000 for a purchase consideration of ₹3,00,000. Payment was made as promissory note issued for ₹50,000 and remaining amount by issue of equity shares ₹100 each fully paid at an issue price of ₹125.  
Journalise the above transactions in the books of Bansal Heavy Machine Ltd.

- 21 P Ltd has been registered with an authorized capital of ₹2,00,000 divided into 2000 shares of ₹100 each of which 1000 shares were offered for public subscription at a premium of ₹50 per share payable as under: 8
- Application-₹30; Allotment ₹70 (including premium); First call ₹20; final call ₹30.  
Final call is not yet made. Applications were received for 2000 shares of which application for 500 shares were rejected. The rest of the applications were allotted 1000 shares on pro-rata basis. Excess application money was transferred to share allotment account.  
All money were duly received except from Mohan , holder of 200 shares, who failed to pay allotment money and first call money. His shares were later on forfeited and re issued to Hari at ₹60 per share as ₹70 paid up.  
Final call is not yet made. Record journal entries.

**OR**

- N Ltd. issued 2,000 shares of ₹100 each. All the money was received except on 200 shares on which only ₹90 were received. These shares were forfeited and out of the forfeited shares 100 shares were reissued at ₹80 each as fully paid up.  
Pass necessary journal entries for the forfeiture and reissue of shares.
- Complete the following Entries:

Date	Particulars	LF	Dr. (₹)	Cr. (₹)
(i)	<div style="text-align: right;">Dr</div> <div style="text-align: center;">To-----</div> <div style="text-align: center;">To-----</div> <div>(Being the forfeiture of 1000 shares of ₹10 each, ₹8 Called up, on which allotment money of ₹2 and First Call of ₹3 has not been received)</div>		-----	-----
(ii)	<div style="text-align: right;">Dr</div> <div style="text-align: center;">To -----</div> <div style="text-align: center;">To-----</div>		-----	-----

	(Being reissue of 1000 forfeited shares as fully paid up at ₹11 per share)			
(iii)	----- Dr To ----- (Being gain on forfeiture and reissue of shares transferred to Capital reserve Account)		-----	-----

- 22 P and Q are partners with profit sharing ratio of 3:1. R was admitted as a new partner for  $\frac{1}{5}$ th share in the profits of the firm. The Balance sheet of the firm on 31<sup>st</sup> March, 2019 was as follows:

Balance Sheet an at 31<sup>st</sup> March, 2019

Liabilities	Amt (₹)	Assets	Amt (₹)
Creditors	20,000	Bank	80,000
Bills Payable	40,000	Debtors	60,000
General Reserve	40,000	Building	2,00,000
Profit & Loss a/c	1,00,000	Machinery	1,00,000
Outstanding Expenses	20,000	Investment	40,000
Capital		Patent	20,000
P- 2,00,0000		Goodwill	20,000
Q- 1,00,000	3,00,000		
	5,20,000		5,20,000

The terms of the agreement on R's admission were as follows: R comes for  $\frac{1}{5}$ th of share and brings ₹1,10,000 as Capital. He brings cash for his share of goodwill ₹20,000. Value of Building increased by 10 %. Outstanding expenses were valued at ₹24,000. Make a provision of 10% for Doubtful debts. Half the premium is withdrawn by old Partners.  
Prepare Revaluation account & Partners' Capital account .

OR

Ajay ,Vijay and Sanjay were partners in a firm sharing profits in the ratio of 5:3:2. Their Balance Sheet on March 31, 2019 was as follows:

Balance Sheet of Ajay, Vijay and Sanjay As at March 31, 2019

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	70,000	Bank	44,000
Capital		Debtors	24,000
Ajay 90,000		Stock	60,000
Vijay 56,000		Building	1,40,000
Sanjay 60,000	2,06,000	P & L	8,000
	2,76,000		2,76,000

On April 1, 2019 Vijay retired on the following terms:

- Building was to be depreciated by ₹10,000.
- A provision of 5% was to be made on debtors for doubtful Debts.
- Salary Outstanding was ₹4,800
- Goodwill of the firm was valued at ₹1,40,000.
- Vijay was to be paid ₹20,800 through cheque and the balance was to be paid in future.

Prepare Revaluation Account & Partners' Capital Account.

## PART B - FINANCIAL STATEMENT ANALYSIS

23. Average Inventory ₹80,000; Inventory Ratio 6; Gross Profit 20% on revenue from Operations; what will be Gross Profit? 1  
 A. ₹20,000  
 B. ₹1,20,000  
 C. ₹80,000  
 D. ₹96,000
24. Assuming Proprietary Ratio is 0.7:1, state giving reason whether repayment of Long Term Loan will increase, decrease or will not affect the Proprietary Ratio 1
25. A Mutual Fund Co. receives a dividend of ₹20 Lakhs on its investments in another company's shares. Where will it appear in a Cash Flow Statement? Give reason. 1
26. When is Dividend Received considered as Operating Activity? 1
27. Give any two Limitations of Financial Statements. 1
28. Current ratio of Vidur Pvt. Ltd. is 3:2. Accountant wants to maintain it at 2:1. Following options are available. 1  
 (i) He can repay Bills Payable  
 (ii) He can purchase goods on credit  
 (iii) He can take short term loan

Choose the correct option

- A. Only (i) is correct  
 B. Only (ii) is correct  
 C. Only (i) and (iii) are correct  
 D. Only (ii) and (iii) are correct
29. "Capital gain tax paid on sale of building by a company" will be shown under which type of activity while preparing the Cash Flow Statement? 1

30. A) From the Following Information compute Debt-Equity Ratio : 3

Items	Amount (₹)
Long Term Borrowings	2,00,000
Long Term Provisions	1,00,000
Current Liabilities	50,000
Non-Current Assets	3,60,000
Current Assets	90,000

**OR**

- B) The Current ratio of X Ltd is 2:1. State giving reason which of the following transaction would increase, decrease or not change the ratio
- (i) Included in the Trade payables was a bills payable of ₹9,000 which was met on maturity.  
 (ii) Company issued 1,00,000 equity shares of ₹10 each to the vendors of machinery purchased.

- 31 I . (A) Under which major headings and sub headings will the following items be place in the balance sheet of a company as per Revised schedule III Part I of the Companies Act 2013 ? 4

- (i) Capital Reserves (ii) Bonds  
(iii) Loose Tools (iv)Goodwill

(B) State and explain any two objectives of Financial Statement Analysis

**OR**

II. From the following statement of Profit and loss of Xerox Ltd for the year ended 31st March,2019-20 , Prepare a comparative Statement of Profit and Loss

Particulars	Note No.	2019-2020 (₹)	2018-2019 (₹)
Revenue from Operation		8,00,000	6,00,000
Other Incomes		1,00,000	50,000
Expenses		5,00,000	4,00,000
Tax rate		40%	40%

- 32 Prepare a Cash Flow Statement on the basis of the information given in the balance Sheet of M Ltd as at 31st March 2019. 6

Particulars	No	31-3-2019(₹)	31-3-2018(₹)
<b>I EQUITY and LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital		2,60,000	1,80,000
(b) Reserves and Surplus	1	1,32,000	24,000
(2) Non –Current Liabilities			
(a) Long Term Borrowings		1,00,000	1,50,000
(3) Current Liabilities			
(a)Trade Payables		75,000	27,000
<b>TOTAL</b>		<b>5,67,000</b>	<b>3,81,000</b>
<b>II ASSETS</b>			
(1) Non-Current Assets			
(a) Fixed Assets			
(i)Tangible Assets		2,94,000	2,52,000
(b)Non-Current Investments		48,000	18,000
(2) Current Assets			
Current Investments(Marketable)		54,000	60,000
Inventories		1,07,000	24,000
Trade Receivables		40,000	17,500
Cash and Cash Equivalents		24,000	9,500
<b>TOTAL</b>		<b>5,67,000</b>	<b>3,81,000</b>

**Additional Information:**

Depreciation provided on fixed assets were ₹20,000.Dividend paid during the year was ₹ 30,000 .

Notes to Accounts : **Note 1 Reserves and Surplus:**

Particulars	31-03-2019 (₹)	31-03-2018 (₹)
Surplus(Balance in Statement of Profit &Loss)	1,07,000	14,000
General Reserve	25,000	10,000

**End of the Question Paper**