

AMITY INTERNATIONAL SCHOOL, PUSHIPVIHAR  
CLASS XII, PRE-BOARD EXAMINATION- (2023-24)

9.12.23

Time Allowed: 3 hours

ACCOUNTANCY

Maximum Marks: 80

**GENERAL INSTRUCTIONS:**

- 1 This Paper contains 34 Questions.
2. This Question Paper is divided into two Parts, Part A and B.
3. Questions from 1 to 16 and 27 to 30 carries 1 mark each.
4. Questions from 17 to 20, 31 and 32 carries 3 marks each.
5. Questions from 21, 22 and 33 carries 4 marks each.
6. Questions from 23 to 26 and 34 carries 6 marks each.
7. 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 6 marks.

**Part A**

**( Accounting for Partnership Firms and Companies)**

- Q-1 A Partner draws Rs. 2,000 each on 1<sup>st</sup> April 2020, 1<sup>st</sup> July 2020, 1<sup>st</sup> October,2020 and 1<sup>st</sup> January 2021. for the year ended 31<sup>st</sup> March 2021 Interest on Drawings @ 8% p.a. will be:
- (a) Rs.540                      (b) Rs.320                      (c) Rs.960                      (d) Rs.400

Or

- Ram a partner withdrew Rs. 12,000 in the beginning of each quarter and interest on drawings was calculated Rs.3,000 at the end of accounting year 31<sup>st</sup> March, 2022. What is the rate of interest on Drawings charged? (1)
- (a) 8%                      (b) 9%                      (c)10%                      (d) 6%

- Q-2 How will you close Partner's Drawing Account? (1)
- (a) By transfer to the Debit side of Capital or Current Account  
(b) By transfer to the Credit side of Capital Account  
(c) By transfer to the Credit side of Current Account  
(d) Either B or C

- Q-3. On which of the following occasions the partnership firm can be reconstituted? (1)
- (i) Admission of a Partner  
(ii) Death of a Partner  
(iii) Retirement of a Partner  
(iv) Change in Profit Sharing Ratio among existing Partner
- (a) I,II & III  
(b) I, II & IV  
(c) I,III, & IV  
(d) All of the above

- Q-4 The goodwill of a firm is Rs. 1,08,000. It was valued at 4 years' purchase of super profits. The capital employed by the firm is Rs.4,00,000 and the normal rate of return is 10%. The average profits of the firm is: (1)
- (a) Rs.47,000                      (b) Rs.67,000                      (c) Rs.40,000                      (d) Rs. 49,000



Or

At the time of Dissolution of Partnership firm, fictitious assets are transferred to: (1)

- (a) Realisation Account (b) Capital Accounts  
(c) Bank Account (d) None of the above

Q-11 Punit, Sujit and Jiten are partners sharing profits and losses in the ratio of 4:3:1. Sujit retires from the firm, selling his share of profit to Punit and Jiten for Rs. 1,50,000; Rs.80,000 being paid by Punit and Rs.70,000 by Jiten. What is the new profit-sharing ratio between the remaining partners. (1)

- (a) 4:1 (b) 7:3 (c) 8:7 (d) 1:1

12 10,000 Equity Shares of Rs. 10 each are forfeited for non-payment of final call of Rs. 4 per share. Out of these 5,000 shares were reissued @ Rs. 7 per share as fully paid and 5,000 Equity Shares were reissued @ Rs. 10 as fully paid up. Amount transferred to Capital Reserve will be: (1)

- (a) Rs. 40,000 (b) Rs.30,000 (c) Rs.45,000 (d) Rs.50,000

Or

Net Assets - Capital Reserve is

- (a) Purchase Consideration (b) Goodwill  
(c) Total Assets (d) Liabilities taken over

Q-13 X Ltd. Issued 10,00,000, 8% Debentures of Rs. 10 each at 10% Discount and redeemable at a premium. Loss on Issue of Debentures of Rs.20,00,000 was written off from Securities Premium (Rs. 10,00,000) and Statement of Profit & Loss (Rs.10,00,000) The redemption value of each Debenture will be:

- (a) Rs.12 (b) Rs.11 (c) Rs.10 (d) Rs.13

Or

Sunflower Ltd issued 50,000, 8% Debentures of Rs. 100 each at a discount of 5% and redeemable at a premium payable Rs. 50 on application and balance on allotment. It received Rs 19,12,500 as allotment money. Number of debentures on which allotment money is in arrears is : (1)

- (a) Rs. 6,500 (b) Rs.7,500 (c) Rs.8,500 (d) Rs.9,500

Q-14 A company forfeited 2,000 shares of Rs. 10 each issued at a premium of 10% for non-payment of allotment money of Rs. 3 (including premium), first call of Rs. 3 and final call of Rs. 3. These shares were decided to be reissued to Mr. X at minimum reissued price. The price per share for such shares will be----- (1)

Q-15 Premium on Redemption of Debenture Account is a : (1)

- (a) Personal Account (b) Real Account  
(c) Nominal Account (d) None of the above

Q-16 Assertion (A) Maximum amount of discount allowed at the time of reissue of forfeited shares should not exceed the forfeited amount.

Reason (R): The excess amount forfeited shares account is transferred to capital reserve.

In the context of the above two statements, which of the following is correct? (1)

- (a) (A) and (R) both are correct and (R) correctly explains (A)
- (b) (A) and (R) both are correct and (R) does not correctly explains (A)
- (c) Only (R) is correct.
- (d) Both (A) and (R) are wrong.

Q-17 Manoj, Anil and Shivam were Partners sharing profits in the ratio of 3:2:5. Books of the firm are closed on 31<sup>st</sup> March every year. Shivam died on 1<sup>st</sup> June, 2022. As per the partnership deed, Shivam's executors are entitled to his share of profit till the date of death calculated on the basis of sales turnover. Sales for the year ended 31<sup>st</sup> March, 2022 was Rs. 25,00,000 and profit for the same year was Rs. 3,00,000. Sales shows an increasing trend of 20% and percentage of profit earning is expected to reduce by 2%. Journalise the transaction along with working notes. (3)

Q-18 Neeraj, Sachin and Rahul are partners in a firm sharing profits and losses in the ratio of 5:3:2. They decide to share profits and losses in the ratio of 2:5:3 with effect from 1<sup>st</sup> April, 2022. On that date Building having book value of Rs. 1,20,000 (was found to be undervalued by 20% while Stock (having book value of Rs. 6,00,000 (was found to be overvalued by 20%). Pass the necessary adjusting entry without affecting the existing figures. (3)

Q-19 Agam Ltd. Issued 20,000, 9% Debentures of Rs.100 each at 10% Discount to Manan Ltd from whom Assets of Rs.23,50,000 and Liabilities of Rs. 6,00,000 were taken over. Pass entries in the books of Agam Ltd. If these debentures are to be redeemed at 5% premium.

Or

Vikram Ltd. Took over running business of Satnam Ltd. Comprising of Assets of Rs. 45,00,000 and Liabilities of Rs. 6,40,000 for a purchase consideration of Rs. 36,00,000. The amount was settled by bank draft of Rs.1,50,000 and balance by issuing 12% Preference Shares of Rs. 100 each at 15% premium. Pass entries in the books of Vikram Ltd. (3)

Q-20 A, B and C were partners in a firm. On 1<sup>st</sup> April, 2021 their fixed capitals stood at Rs.50,000; Rs. 25,000 and Rs.25,000 respectively. As per the provisions of the deed :

- (i) B was entitled for a salary of Rs. 5,000 per annum.
- (ii) All the partners were entitled to interest on capital @5% per annum.

Profits were to be shared in the ratio of capitals. The net profit for the year ending 31<sup>st</sup> March, 2022 of Rs. 33,000 and 31<sup>st</sup> March, 2023 of Rs.45,000 were distributed equally without providing for the above terms. Pass an adjustment entry to rectify the above error. (3)

Q-21 Rohit, Kunal and Sarthak are Partners in a firm. They decided to dissolve their firm.

Pass necessary Journal entries for the following assuming various assets and third-party liabilities have been transferred to Realisation account: (4)

- (i) Total Creditors of the firm were Rs. 40,000. Creditors worth Rs. 10,000 were given a piece of furniture costing Rs. 8,000 in full and final settlement. Remaining Creditors allowed a discount of 10%.

(ii) Rohit had given a loan to the firm of Rs. 70,000 which was settled by paying him Rs. 68,000.

(iii) The firm had a debit balance of Rs. 15,000 in the Profit and loss account on the date of dissolution.

(iv) Sarthak paid realisation expenses of Rs. 16,000 out of his private funds, who was to get a remuneration of Rs. 15,000 for completing dissolution process and was responsible to bear all the realisation expenses.

Q-22 Vidur Ltd. Is authorised with 3,00,000 shares of Rs. 10 each. It issued 1,00,000 shares to the public. The amount was payable as follows: On Application- Rs.2, On allotment Rs.3, On First & final call -Balance. A shareholder having 2,000 shares did not pay allotment money and his shares were forfeited. First & final call was not made. Show the above in the Balance Sheet of LTTS Ltd. and also prepare "Notes to Accounts". (4)

Q-23 C and D are Partners in a firm sharing profits in the ratio of 4:1. On 31.3.2023, their Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	4,00,000	Cash	3,00,000
Provision for Bad Debts	40,000	Debtors	3,60,000
Outstanding Salary	60,000	Stock	4,00,000
Investment Fluctuation	40,000	Furniture	6,00,000
Reserve	1,00,000	Investment	2,10,000
General Reserve		Plant & Machinery	7,00,000
Capitals:		Advertisement Suspense	30,000
C 12,00,000	19,60,000	a/c	
D 7,60,000			
	26,00,000		26,00,000

On the above date, E was admitted for 1/4<sup>th</sup> share in profits on the following terms:

(i) E will bring proportionate capital and Rs. 80,000 for his share of goodwill of Rs. 2,00,000 and half of which is withdrawn by C and D.

(ii) X a debtor is declared insolvent and could pay only 30 paise in a rupee on the total amount of Rs. 1,00,000 due from him. A provision of 5% is to be made on debtors for bad and doubtful debts. Investments were valued at Rs. 1,80,000.

(iii) Stock is to be reduced to Rs. 10,000 and furniture is undervalued by 10%.

(iv) Investments of Rs. 7,000 not shown in the Balance Sheet were taken over by D at 10% less.

(v) There was an outstanding repair bill of Rs. 2,300 which will be recorded in the books.

You are required to prepare Revaluation Account & Capital Account of Partners.

Or

Q- Following is the Balance Sheet of A K and V as on 31<sup>st</sup> March, 2009 who have agreed to share profits and losses in the proportion of their capitals.

Liabilities	Rs.	Assets	Rs.
Capital a/cs		Land and Building	2,00,000
A 2,00,000		Machinery	3,00,000
K 3,00,000		Closing Stock	1,00,000
V 2,00,000	7,00,000	Debtors 1,10,000	
General Reserve	35,000	Less: PFBDB 10,000	1,00,000
Workmen Compensation Reserve	15,000	Cash at Bank	1,00,000
Sundry Creditors	50,000		
	8,00,000		8,00,000

On 31<sup>st</sup> March, 2009, A desired to retire from the firm and the remaining partners decided to carry on the business. It was agreed to revalue the assets and re-assess the liabilities on the following basis.

- (i) Land and Building to be appreciated by 30 % and Machinery be depreciated by 20%. There were bad debts of Rs. 17,000. The claim on account of Workmen Compensation was estimated at Rs. 18,000.
  - (ii) Goodwill of the firm was valued at Rs. 1,40,000 and A's share of goodwill be adjusted against the capital accounts of the continuing partners K and V who have decided to share future profits in the ratio of 4:3 respectively.
  - (iii) Capital of the new firm in total will be the same as before the retirement of and will be in the new profit sharing ratio of the continuing partners.
  - (iv) Amount due to A be settled by paying Rs. 50,000 in cash and the balance by accepting a bills of exchange for 3 months.
- Prepare Revaluation A/c and Capital Account of Partners on A's retirement. (6)

Q-24 A, B and C were Partners in a firm sharing profits in the ratio of 2:2:1. The firm closes its books on 31<sup>st</sup> March every year. On 30<sup>th</sup> June, 2020 B died. The Partnership deed provided that on the death of a partner his executors will be entitled to the following:

- (a) Balance in his capital account which amounted to Rs. 1,15,000 and interest on capital till date which amounted to Rs. 5,000.
- (b) His share in profits of the firm till the date of his death amounted to Rs. 20,000.
- (c) His share in the goodwill of the firm. The goodwill of the firm on B's death was valued at Rs. 1,50,000.
- (d) Loan to B amounted to Rs. 20,000

It was agreed that the amount will be paid to his executors in two equal half yearly installments with interest @ 10% p.a. starting from 30<sup>th</sup> June, 2021. Calculate the amount to be transferred to B's Executors Account and prepare the executor's account till it is finally settled. (6)

Q-25 Axis Ltd. Invited applications for issuing 2,00,000 equity shares of Rs.10 each at a premium of Rs. 6 per share. The amount per share was payable as follows:

On applications-	Rs.3 (including premium Rs.1)
On allotment	Rs. 7 (including premium Rs.5)
On first & final call	Rs. Balance amount

Applications were received for 2,50,000 shares. Applicants for 10,000 shares were sent letters of regret and application money returned to them. Shares were allotted to the remaining applicants on prorata basis. Money overpaid on application was adjusted towards the sums due on allotment. The Company received all the money due on allotment except from Agam, who was allotted 1,000 shares. Her shares were forfeited immediately after the allotment. After wards, the first and final call was made. Rachin, the holder of 2,000 shares did not pay the first and final call on his shares. His shares were also forfeited. 50% of the forfeited shares, each of Agam and Rachin were reissued as fully paid up @Rs. 16 per share.  
 Pass necessary Journal entries to record the above transactions in the books of Axis Ltd.

Or

Q-Sahir Ltd. Invited applications for issuing 1,00,000 shares of Rs. 10 each at a premium of Rs.2 per share. Amount per share was payable as follows:

On Application	Rs. 4 (including premium Rs.1)
On Allotment	Rs. 4 (including premium Rs. 1)
On first & final call	Balance

Applications were received for 1,50,000 shares and allotment was made to the applicants as follows:

- (i) Applicants for 80,000 shares were allotted 60,000 shares.
- (ii) Applicants of 50,000 shares were allotted 40,000 shares.
- (iii) No shares were allotted to the remaining applicants and their application money was returned.

Yatin, who belonged to category (i) and who had applied for 5,000 shares failed to pay the allotment and call money. His shares were forfeited. Later, half of Yatin's forfeited shares were reissued @ Rs. 18 per share as fully paid up.

Pass the necessary journal entries for the above transactions in the books of Sahir Ltd. (6)

26 Atul Ltd. has paid up share capital of Rs. 1,00,00,000 (divided into 5,00,000 Equity shares of Rs. 20 each) and 10,000 6% Debentures of Rs. 100 each.

On 1<sup>st</sup> October, 2022, it further issued 6% Debentures at a discount of 10%, redeemable at a premium of 5% to meet the long-term funds requirement of Rs. 45,00,000. The issue price was payable along with application.

Balance in Securities Premium Account was Rs.5,00,000. Loss for the year ended 31<sup>st</sup> March, 2023 is Rs. 7,50,000.

You are required to:

- (a) Pass Journal entries for the issue of Debentures.
- (b) Prepare Loss on issue of Debentures Account.
- (c) Pass Journal entries for interest on debentures on 31<sup>st</sup> March, 2023 assuming interest is paid on half yearly basis. (6)

### PART "B"

#### (ANALYSIS OF FINANCIAL STATEMENTS)

Q-27 While preparing Cash Flow Statement "Commission and Royalty" received is treated as: (1)

- |                        |                             |
|------------------------|-----------------------------|
| (a) Operating Activity | (b) Investing Activity      |
| (c) Financing Activity | (d) Cash & Cash Equivalents |

Q-28 What is Gross Profit + Material Consumed?

- |               |                            |
|---------------|----------------------------|
| (a) Purchases | (b) Revenue from Operation |
|---------------|----------------------------|

(c) Opening Inventory

(d) Cost of Revenue from Operation

Or

The ratios which indicate the speed at which activities of the business are being performed are known as:

(1)

(a) Profitability Ratios

(b) Turnover Ratios

(c) Liquidity Ratios

(d) Solvency Ratios

Q-29 Current Liability as per Schedule III of the Companies Act, 2013 is that liability which is:

(a) Expected to be settled in the company's normal operating cycle.

(b) Due to be settled within 12 months after the reporting date i.e., Balance Sheet date.

(c) Held primarily for the purpose of being traded.

(d) All of the above.

OR

As per Companies Act, the Balance Sheet of a company is required to be presented in: (1)

(a) Horizontal Form

(b) Vertical Form

(c) Either (a) or (b)

(d) Neither of the above

Q-30 Which of the following transactions would not result in Cash Flow? (1)

(i) Buy Back of Shares

(ii) Amortisation of Patents

(iii) Issue of Bonus Shares

(iv) Sale of Equipment worth Rs.10,000 for Rs.10,000.

(a) (ii) only

(b) (ii and iii)

(c) (ii), (iii) and (iv)

(d) (i), (ii) and (iv)

Q-31 Classify the following items under the major heads and sub-heads in the Balance Sheet of a Company as per Schedule III of the Companies Act, 2013. (3)

(i) Provision for Warranties

(ii) Licenses and Franchises

(iii) Finished Goods

(iv) Interest accrued and due on Debentures

(v) Unclaimed Dividend

(vi) Capital Advances.

Q-32 Prepare a Comparative Statement of Profit & Loss from the following information for the year ended 31<sup>st</sup> March, 2022 and 2023. (3)

Particulars	2022-23 (Rs.)	2021-22 (Rs.)
Revenue from Operations	12,00,000	10,00,000
Other Incomes (% of Revenue from Operations)	25%	25%
Employee Benefit Expenses (% of Total Revenue)	40%	30%
Tax Rate	40%	40%

OR

Q-One firm providing depreciation on original cost method, whereas the other firm may adopt the written down value method for providing depreciation will make the comparison between two firm unreliable and may give misleading picture. Name the limitation of financial analysis based on the above information and also write two other limitations of financial statement analysis. (3)

Q-33(i) From the following information Calculate Total Asset to Debt Ratio:

Long term Borrowings-Rs.3,00,00      Long term Provisions -Rs1,50,000  
 Current Liabilities      Rs. 75,000      Non- Current Assets      Rs. 5,40,000  
 Shareholders fund      10,00,000

(ii)Star and Sky Ltd has a proprietary Ratio of 40%. Its management is interested in maintaining this ratio at 50%. What are the two choices to do so?

Or

(i) Capital Employed Rs. 1,00,000      Non-Current Assets- Rs. 80,000  
 (ii) Cost of Revenue from Operations- Rs. 3,20,000      Gross Profit 20% of Revenue.  
 Calculate Working Capital Turnover Ratio.

(ii)Inventory Turnover Ratio of a company is 5 times. Its management is interested in maintaining it at 6 times. What are the two choices to do so? (4)

Q-34 Calculate Cash Flow from Operating Activities from the following Balance Sheet:

Particulars	Note No:	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>EQUITY AND LIABILITIES:</b>			
1. Shareholder's Funds:			
(a) Share Capital	1	14,00,000	10,00,000
(b) Reserve & Surplus (Statement of Profit & Loss)		5,00,000	4,00,000
2. Non-Current Liabilities:			
Long term Borrowings (10% Debentures)		5,00,000	1,40,000
3. Current Liabilities:			
(a) Short term Borrowings (Bank Overdraft)		20,000	30,000
(b) Trade Payables		1,00,000	60,000
(c) Short term Provisions	2	60,000	30,000
<b>TOTAL</b>		<b>25,80,000</b>	<b>16,60,000</b>
<b>ASSETS</b>			
1. Non-Current Assets			
(I) Property, Plant and Equipment & Intangible Assets:			
Property, Plant and Equipment	3	14,00,000	8,00,000
(a) Intangible Assets (Goodwill)		1,40,000	2,00,000
(II) 10% Non-Current Investments		2,00,000	1,00,000
2. Current Assets			
(a) Inventories		2,50,000	2,00,000
(b) Trade Receivables		5,00,000	3,00,000
(c) Cash & Cash Equivalents		90,000	60,000
<b>TOTAL</b>		<b>25,80,000</b>	<b>16,60,000</b>

Notes to Accounts:		
Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
1. Share Capital	10,00,000	6,00,000
Equity Share Capital	4,00,000	4,00,000
10%Preference Share Capital		
2.Short term Provisions:	60,000	30,000
Provision for Tax		
3.Property, Plant & Equipment	17,60,000	10,00,000
Plant & Machinery	(1,60,000)	(1,00,000)
Less: Accumulated Depreciation	16,00,000	9,00,000

Additional Information:

- (i) A part of Machinery costing Rs.50,000 was sold for Rs,40,000. Depreciation charged on Machinery during the year was Rs.80,000.
- (ii) Tax was paid Rs. 20,000.
- (iii) Additional Debentures were issued on July1, 2022 and additional investments were made on April1,2022. Proposed Dividend on Equity Shares for the year ended 31<sup>st</sup> March,2023 was Rs.40,000 and for 31st March,2022 was Rs.50,000.

(6)

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