

CLASS XII
POST MID-TERM EXAMINATION
ACCOUNTANCY (055)
SET B2

Max Marks :80

Time Allowed: 3 Hours

GENERAL INSTRUCTIONS

Read the following instructions carefully and strictly follow them

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. 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.

B2	QUESTION	MM
	PART - A (Accounting for Partnership firms and Companies)	
1	Anu, Bina and Charan are partners. The firm had given a loan of ₹20,000 to Bina. On the event of dissolution, the loan will be settled by: (A) Transferring it to debit side of Realization Account. (B) Transferring it to credit side of Realization Account. (C) Transferring it to debit side of Bina's Capital Account. (D) Bina paying Anu and Charan privately.	1
2	Sumit, Amit and Jatin are partners sharing profits in the ratio of 6:4:1. Jatin is guaranteed a minimum profit of ₹20,000. The firm incurred a loss of ₹2,20,000 for the year ended 31st March, 2021. What amount of deficiency will be borne by Sumit and Amit? (A) ₹10,000 each (B) ₹20,000 each (C) ₹24,000 by Sumit & ₹16,000 by Amit (D) ₹12,000 by Sumit & ₹8,000 by Amit	1
	OR	
	P and Q are partners sharing profits and losses in the ratio of 2:1 with capitals ₹ 1,00,000 and ₹ 80,000 respectively. The interest on capital has been provided to them @ 8% instead of 10%. In the rectifying adjustment entry, Q will be: (A) Debited by ₹ 1600 (B) Credited by ₹ 400 (C) Debited by ₹ 400 (D) Credited by ₹ 1600.	
3	Kunal and Ravi are partners sharing profits in the ratio of 4:1. Their capitals were ₹90,000 and ₹70,000 respectively. They admitted Kuldeep for 1/3rd share in the future profits. Kuldeep brought ₹1,00,000 as his capital. Firm's Goodwill is: (A) ₹40,000 (B) ₹1,40,000 (C) ₹3,00,000 (D) ₹2,60,000	1

4 E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis, application money on another 6000 shares was refunded. The amount payable on the application was ₹ 2. Sitaraman applied for 420 shares. The number of shares allotted to him will be:

A. 60 shares
 B. 340 shares
 C. 320 shares
 D. 300 shares

5 Star Ltd. issued 10,000 equity shares of ₹ 100 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 shares, amount debited to Securities Premium Reserve account will be

A. ₹ 5,000
 B. ₹ 10,000
 C. ₹ 15,000
 D. NIL

Question no.'s 6, 7 and 8 are based on the hypothetical situation given below:

Harry and Terry are partners in a firm. Harry gets commission of 10% on the net profits before charging any commission and Terry gets commission of 10% on the net profits after charging all commission.

PROFIT AND LOSS APPROPRIATION ACCOUNT

Particulars	₹	Particulars	₹
Harry's Commission	1,65,000	Profit and Loss A/c (Net Profit)
Terry's Commission		
Profit transferred to -			
Harry's capital A/c		
Terry's capital A/c		

6 What will be the net profit before charging commission?
 (A) ₹ 16,50,000
 (B) ₹ 12,65,000
 (C) ₹ 18,00,000
 (D) ₹ 13,50,000

7 What will be Terry's Commission?
 (A) ₹ 1,48,500
 (B) ₹ 1,50,000
 (C) ₹ 1,65,000
 (D) ₹ 1,35,000

8 What will be the amount of profit transferred to Terry's Capital A/c?
 (A) ₹ 6,75,000
 (B) ₹ 13,50,000
 (C) ₹ 6,07,500
 (D) ₹ 7,42,500

9	<p>On retirement of a partner, debtors of Rs. 34,000 were shown in the Balance sheet. Out of this Rs. 4,000 became bad. One debtor became insolvent. 70% were recovered from him out of Rs. 10,000. Full amount is expected from the balance debtors. On account of this item loss in revaluation account will be:</p> <p>a) Rs. 10,200 b) Rs. 3,000 c) Rs. 7,000 d) Rs. 4,000</p> <p style="text-align: center;">OR</p> <p>A, B and C were partners in a firm sharing profits and losses in the ratio of 2:2:1. The capital balance are ₹ 50,000 for A; ₹ 70,000 for B; ₹ 35,000 for C. B decided to retire from the firm and balance in general reserve on the date was ₹ 25,000. If goodwill of the firm was valued at ₹ 30,000 and profit on revaluation was ₹ 7,500 then, what amount will be payable to B?</p> <p>(a) Rs.70,820 (b) Rs.76,000 (c) Rs.95,000 (d) Rs.75,000</p>	1
10	<p>When shares are forfeited, share capital account is debited with</p> <p>A. Nominal value of shares <input checked="" type="checkbox"/> B. Called up value of shares C. Paid up value of shares D. Market value of shares</p>	1
11	<p>ABC Ltd purchased a machinery worth ₹ 1,98,000. The payment made by issue of debenture of ₹ 100 each at 10 % discount. In this case number of debenture will be:</p> <p>A. 1100 <input checked="" type="checkbox"/> B. 2200 C. 3300 D. 4400</p> <p style="text-align: center;">OR</p> <p>Debentures represent the:</p> <p>A. The Investment of Equity-Shareholders B. Long-term Borrowings of a Company C. Directors' shares in a company D. Short-term Borrowings of a Company</p>	1
12	<p>Veer is the manager in a partnership firm and is entitled to receive a salary of ₹8,000 per month and a commission of 5% on Net Profit after charging such commission. Profit for the year is ₹13,56,000 before charging salary and commission. The commission of Veer is:</p> <p>(A) ₹67,800 <input checked="" type="checkbox"/> (B) ₹64,571 (C) ₹63,000 (D) ₹60,000</p>	1

13	<p>Farha, Siya and Abhi share profits equally. They decide that in future Abhi will get 1/5th share in profits. On the day of change, the firm's goodwill is valued at ₹30,000. What will be the effect of this change?</p> <p>(A) Abhi's loss ₹5,000; Gain of Siya and Farha ₹10,000 each. (B) Farha's gain ₹10,000; Loss of Siya and Abhi ₹5,000 each. (C) Abhi's loss ₹4,000; Gain of Farha and Siya ₹2,000 each. (D) Farha's gain ₹4,000; Loss of Siya and Abhi ₹2,000 each.</p> <p style="text-align: center;">OR</p> <p>A, B and C were partners in a firm sharing profits in the ratio of 3:4:1. They decided to share profits equally w.c.f from 1.4.2019. On that date the profit and loss account showed the credit balance of ₹96,000. Instead of closing the profit and loss account, it was decided to record an adjustment entry reflecting the change in profit sharing ratio. The journal entry will be:</p> <p>(a) Dr. A by 4,000; Dr. B by 16,000; Cr C by 20,000 (b) Cr. A by 16,000; Cr. B by 4,000; Dr C by 20,000 (c) Cr. A by 4,000; Cr. B by 16,000; Dr C by 20,000 (d) Dr. A by 16,000; Dr. B by 4,000; Cr C by 20,000</p>	1
14	<p>According to the Companies Act, 1956, the minimum subscription has been fixed at _____</p> <p>(a) 90% of the issued shares (b) 80% of the subscribed shares (c) 75% of the issued shares (d) 90% of the allotted shares</p>	1
15	<p>Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R):</p> <p>Assertion (A): Michael, Mike and Stephen were partners sharing profits and losses in the ratio 3:2:1. Stephen being a partner wants that he should be exempted from sharing the losses in the firm.</p> <p>Reason (R): According to Partnership Act 1932, "It may be agreed between the partners that one or more of them shall not be liable for losses."</p> <p>In the context of the above statements, which one of the following is correct?</p> <p>(A) Both Assertion and Reason are correct and Reason is the correct explanation of Assertion (B) Both Assertion and Reason are correct but Reason is not the correct explanation of Assertion (C) Assertion is true but Reason is false (D) Assertion is false but Reason is true</p>	1
16	<p>Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R):</p> <p>Assertion(A): New partner Shivani was admitted to the firm. As she is the new partner, she does not have the right on the Assets of the firm till she earns them.</p> <p>Reason(R): According to Section 31 of the Indian Partnership Act, 1932, as a person is admitted as a partner, he acquires the right to share in the assets of the firm.</p> <p>In the context of the above statements, which one of the following is correct?</p> <p>(A) Both A and R are true and R is the correct explanation of A. (B) Both A and R are true but R is not the correct explanation of A (C) A is true and R is false (D) A is false and R is true</p>	1

17	<p>A, B, C and D are partners sharing profits in the ratio of 3:3:2:2 respectively. D retires and A, B and C decide to share the future profits in the ratio of 2:2:1. Goodwill of the firm is valued at ₹ 12,00,000. Goodwill already appears in the books at ₹ 9,00,000. Give the necessary Journal entries to record Goodwill. Show your calculations clearly.</p>	3
18	<p>Voltas Ltd. purchased plant and machinery from Euro Products ltd. and paid the consideration as follows –</p> <ul style="list-style-type: none"> (i) Issued a cheque for ₹ 15,00,000 (ii) Issued a bill of exchange for 3 months for ₹ 8,00,000 (iii) Issued 7,000; 8% debentures of ₹ 100 each at par redeemable at 5% premium after 5 years. <p>Pass journal entries.</p> <p style="text-align: center;"><u>OR</u></p> <p>A company had ₹ 25,00,000, 7% Debentures outstanding as on 1st April, 2019. During the year company took a loan of ₹ 5,00,000 from the State Bank of India for which the company placed with the bank debentures for ₹ 6,00,000 as collateral security. Pass journal entries. Also show how the debentures and bank loan will appear in the company's balance sheet as at 31st March 2020.</p>	3
19	<p>A, B and C entered into partnership on 1st April 2019 with a capital of ₹ 3,00,000, ₹ 2,00,000 and ₹ 1,00,000 respectively. In addition to capital, C has advanced a loan of ₹1,00,000. Since they had no agreement to guide them, they faced following issues during and at the end of the year.</p> <ol style="list-style-type: none"> 1. A wanted interest on capital to be provided @ 8% p.a. but B and C did not agree. 2. C wanted that interest on loan be paid to him @ 10% p.a. but A and B wanted to pay @ 5% p.a. 3. B, being working partner, demands a lump sum payment of ₹40,000 as remuneration for which other others partners are not in agreement. <p>You are required to suggest and help them resolve these issues.</p> <p style="text-align: center;"><u>OR</u></p> <p>Aditi and Shruti are partners sharing profits and losses in 2:3. Business is being carried from the premises owned by Aditi on a quarterly rent of ₹ 15,000. Aditi is entitled to salary of ₹ 20,000 per month and Shruti is to get commission @ 5% of net sales, which during the year was ₹ 60,00,000. Net profit for the year ended 31st March 2022 before providing for rent was ₹ 8,00,000.</p> <p>You are required to prepare Profit & Loss Appropriation Account for the year ended 31st March 2022.</p>	3
20	<p>A firm's average profits are ₹ 7,00,000. It includes an abnormal profit of ₹ 50,000. Capital invested in the business is ₹ 55,00,000 and the Normal rate of return is 10%. Calculate goodwill at four times the super profit.</p>	3

21

Balance sheet of a firm as at 31st March, 2020 was:

4

Liabilities	Amount (₹)	Assets	Amount (₹)
X's Capital	5,00,000	Freehold property	8,00,000
Y's Capital	5,00,000	Investments	2,00,000
Z's Capital	3,00,000	Sundry debtors	1,00,000
Sundry creditors	1,50,000	Stock	1,50,000
Profit and Loss A/c		Loan to Y	1,00,000
		Cash at Bank	3,00,000
	16,50,000		16,50,000

The firm was dissolved on 1st April, 2020. X took investments at a value of ₹1,90,000. Cash realised was: Freehold property ₹9,00,000; Sundry debtors ₹90,000 and stock ₹1,40,000. Creditors were paid at a discount of 5%. Realisation expenses were ₹20,000. Prepare Realisation A/c to close the books.

22

X Ltd. issued 60,000 shares of ₹ 10 each to the public. Public subscribed for 90%. All the money was called up and received except 4,000 shares did not pay ₹ 2 final call. Of these 75% shares are forfeited and later 2,500 shares were reissued for ₹ 6, fully paid up. Prepare Balance Sheet extract.

4

23

Health2wealth ltd. had share capital of ₹ 80,00,000 divided in shares of ₹ 100 each and 20,000, 8% debentures of ₹ 100 each as part of capital employed. The company needed additional funds of ₹ 55,00,000 for which they decided to issue 8% debentures of ₹ 100 each, at 10% premium. These debentures were to be redeemed at 20% premium after 4 years. These debentures were issued on 1st October 2021.

6

You are required to –

- Pass entries for issue of debentures
- Pass entry for Writing off of loss on issue of debentures assuming there was existing balance of securities premium account of ₹ 2,80,000.
- Pass entries for interest on debentures on 31st March 2022 assuming interest is payable on 30th September and 31st March every year.

24

A, B and C were partners in a firm sharing profits and losses in the ratio 3:2:1. C dies on 30th June 2020. After all the adjustments, his capital account showed a credit balance of ₹ 70,600. C's executor was paid ₹ 10,600 immediately on 1st July 2020 and the balance in three equal yearly instalments starting from 30th June 2021 with interest @ 10% p.a. on the unpaid amount. The firm closes its books on 31st March every year. Prepare C's Executor's Account till the amount is finally paid.

6

25

Chander and Mohini are partners sharing profits in the ratio 3:2. Their balance sheet as at 31st March 2021 is given below:

6

Liabilities	₹	Assets	₹
Chander's Capital	11,40,000	Land & Building	5,60,000
Mohini's Capital	7,00,000	Plant & Machinery	6,00,000
Workmen's compensation reserve	60,000	Stock	1,60,000
Creditors	1,00,000	Sundry Debtors	6,00,000
		Less. Provision	20,000
			5,80,000
		Bank	1,00,000
	20,00,000		20,00,000

They decide to admit Shikha as a new partner from 1st April 2021. Their new profit-sharing ratio was 3:2:5. Shikha brought in ₹ 6,00,000 as her capital and her share of goodwill premium in cash.

- Shikha's share of goodwill premium was valued at ₹ 30,000.
- Plant and Machinery was found undervalued by 20%.
- Creditors were unrecorded to the extent of ₹ 20,000.
- Claim on account of workmen compensation was ₹ 40,000.
- Bad debts amounted to ₹ 30,000.

Prepare Revaluation A/c and Partner's Capital A/c.

OR

The balance sheet of A, B and C, who were sharing profit and losses in the proportion of their capitals, as at 31-12-2021 was as follows:

Liabilities		₹	Assets		₹
Sundry Creditors		3,500	Cash		2,700
Capitals:			Debtors		3,000
A	15,000		Less. Provision for doubtful debts		200
B	12,000		Stock		5,000
C	9,000	36,000	Machinery		14,000
			Building		15,000
		39,500			39,500

B retired on that date and the following adjustments were made –

- Building be appreciated by 20%, stock be depreciated by 10%, provisions for doubtful debts be maintained at 5% and a provision for legal charges be created at ₹ 450.
- The goodwill of the firm be fixed at ₹ 6,000 and B's share be adjusted into A and C capital accounts
- ₹ 12,000 from B's capital account be transferred to his loan account and balance be paid in cash
- New profit-sharing ratio between A & C will be 3:2.

Prepare Revaluation Account and Partners Capital accounts.

- 26 On 1st April 2019, Sangita Ltd. issued 30,000 equity shares of ₹ 10 each at a premium of ₹ 4 per share, payable as follows:
- ₹ 6 on application (including ₹ 1 premium)
 - ₹ 2 on allotment (including ₹ 1 premium)
 - ₹ 3 on first call (including ₹ 1 premium)
 - ₹ 3 on second and final call (including ₹ 1 premium)
- Applications were received for 45,000 shares of which applicants for 9000 shares were rejected and their money was refunded. Rest of the applicants were issued shares on pro rata basis,
- Hari, to whom 600 shares were allotted, did not pay the allotment money and his shares were forfeited after allotment. Mohan, who applied for 1080 shares did not pay the two calls and his shares were forfeited. 1200 forfeited shares were reissued as fully up on receipt of ₹ 9 per share, the whole of Mohan's shares being included.
- Pass journal entries for forfeiture and reissue of shares. Show your workings clearly.

OR

	<p>A. Karur Ltd. invited applications for issuing 2,40,000 equity shares of ₹ 10 each at a premium of ₹ 4 per share. The amount was payable as under: On application - ₹ 4 per share (including premium ₹ 2) On allotment - ₹ 4 per share On first and final call - ₹ 6 per share (including premium ₹ 2) Applications for 3,00,000 shares were received and pro-rata allotment was made to all the applicants. Excess application money received on application was adjusted towards sums due on allotment. All calls were made and were duly received except from Rohini, who failed to pay allotment and first and final call on 7500 shares applied by her. These shares were forfeited. Afterwards, 40% of the forfeited shares were reissued at ₹11 per share as fully paid up. Pass necessary journal entries for forfeiture and reissue of shares and show your workings clearly.</p> <p>B. Describe the following briefly – (i) Employee stock option plan (ii) Sweat equity shares</p>	
PART B (Analysis of Financial Statements)		
27	<p>Investment costing ₹ 10,000 sold for ₹ 12,000. The amount shown in investing activity is</p> <p>A. ₹ 2,000 B. ₹ 10,000 <input checked="" type="checkbox"/> C. ₹ 12,000 D. ₹ 2,200</p> <p style="text-align: center;">OR</p> <p>Building costing ₹ 100,000 sold for ₹ 120,000. The amount shown in investing activity is</p> <p>A. ₹ 200,000 B. ₹ 100,000 C. ₹ 120,000 D. ₹ 20,000</p>	1
28	<p>In case of financial enterprises cash flow from interest and dividend received and interest paid is classified as cash flow from.</p> <p><input checked="" type="checkbox"/> A. Operating Activity B. Investing Activity C. Financing Activity D. Cash and Cash Equivalents.</p> <p style="text-align: center;">OR</p> <p>Which of the following is not a cash inflow?</p> <p><input checked="" type="checkbox"/> A. Decrease in creditors B. Decrease in debtors C. Issues of shares D. Sale of fixed assets</p>	1
29	<p>From the following calculate interest coverage ratio – Net Profit after tax ₹ 12,00,000; 10% debentures ₹ 1,00,00,000; Tax rate 40%</p> <p>A. 1.2 times B. 3 times C. 2 times D. 5 times</p>	1

30 Which of the following company's balance sheet A. Invest B.

30 Which of the following items is shown under the head "current assets" while preparing company's Balance Sheet?

A. Investment in property
 B. Patents
 C. Inventories
 D. Vehicles

OR

Current ratio 1.5 :1, Working capital ₹ 30,000. What will be the current liabilities:

A. ₹ 20,000
 B. ₹ 1,65,000
 C. ₹ 60,000
 D. ₹ 1,50,000

31 (A) Net profit after interest and tax of M ltd. was ₹ 1,00,000. Its current assets were ₹ 4,00,000 and current liabilities were ₹ 2,00,000. Tax rate was 50%. Its total assets were ₹ 10,00,000 and 10% long term debt was ₹ 4,00,000. Calculate Return on investment.

(B) Rate of Gross Profit on Revenue from Operations of a company is 25%. Its gross profit is ₹ 5,00,000. Its shareholders' funds are ₹ 25,00,000; Non-current liabilities are ₹ 8,00,000 and Non-current assets are ₹ 23,00,000. Calculate its working capital turnover ratio.

32 State any three objectives of financial statement analysis.

33 Determine cash flow from operating activities from the following Balance Sheet of Arya Ltd.:

Particulars	Note No.	31.3.2023	31.3.2022
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share capital	F.A	10,00,000	8,00,000
(b) Reserves and surplus	1	6,40,000	5,40,000
(2) Non-Current Liabilities			
Long term Borrowings	2	1,50,000	1,00,000
(3) Current Liabilities			
(a) Trade payables	D.A	30,000	12,000
(b) Short term Provisions	3	30,000	28,000
TOTAL		18,50,000	14,80,000
II. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and equipment and intangible assets			
Property, plant and equipment	4	7,75,000	4,90,000
(b) Non-Current Investments	T.A	90,000	50,000
(2) Current Assets			
(a) Inventory	OA	6,20,000	4,13,000
(b) Trade Receivables	OA	3,20,000	4,94,000
(c) Cash and Cash equivalents	Ans	45,000	33,000
TOTAL		18,50,000	14,80,000

Notes to Accounts:

Particulars		31.3.2023	31.3.2022
1. Reserves and Surplus			
General reserve	OA	5,00,000	4,30,000
Capital reserve	—	60,000	50,000
Surplus i.e balance in statement of profit & loss	NP	80,000	60,000
		6,40,000	5,40,000
2. Long Term Borrowings			
10% Debentures	FA	1,50,000	1,00,000
3. Short term provisions			
Provision for tax	OA	(+)30,000	(-) 28,000
4. Property, plant and equipment			
Plant and machinery	IA	7,75,000	4,90,000

Additional Information:

1. Tax provided during the year is ₹ 17,000.
2. Depreciation charged on plant and machinery during the year amounted to ₹ 1,20,000.
3. Non-current investments costing ₹ 30,000 were sold for ₹ 40,000 during the year.
Gain on sale of investments was credited to capital reserve.
4. Additional debentures were issued on 31.3.2023.

- 34 Prepare a Common-Size Statement of Profit and Loss of Hari Darshan Ltd. from the following information –

Particulars	Note No.	2022-23	2021-22
Revenue from Operations		20,00,000	10,00,000
Purchase of Stock in Trade		7,70,000	4,20,000
Change in Inventories		1,20,000	80,000
Other Expenses		52,000	30,000
Other Income		60,000	50,000

OR

Following information is extracted from the Statement of Profit and Loss of Delko Ltd. for the year ended 31st March 2023 –

Particulars	Note No.	2022-23	2021-22
Revenue from Operations		60,00,000	45,00,000
Employee Benefit expenses		30,00,000	22,50,000
Depreciation		7,50,000	6,00,000
Other Expenses		15,50,000	10,00,000

Prepare Comparative Statement of Profit and Loss.