

SMJ TUTORIAL, JAMMU
PRE - BOARD 2 EXAMINATION
SESSION: 2022-23

CLASS – XII
SUBJECT – ACCOUNTANCY (055)

Max. Marks – 80
Time: 3 Hrs.

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 W, X and Y are partners sharing profits in 3:2:1. They agreed to admit Z into the firm. W, X and Y agreed to give 1/3rd, 1/6th, 1/9th share of their profit. The share of profit of Z will be:
(A) 1/11 (B) 13/48 (C) 11/35 (D) 13/54 1
- 2 **Assertion:** Ram spends thrice the time that Yami devoted to business. Ram claims that he should get salary of Rs.5,000/- p.m. for extra time spent. 1
Reason: As there is no partnership deed Partnership Act 1932 applies and as per the Act partners will not be allowed any salary or remuneration.
(A) Both A and R 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
- 3 X Ltd. Purchased business from Y Ltd. by paying ₹15 lakh for the assets worth ₹18 lakh and liabilities of ₹4 lakh. Then _____ will be debited by ₹1 lakh. 1
A. Capital Reserve A/c B. Asset A/c
C. Goodwill A/c D. Vendor's A/c

OR

Aim Ltd wants to issue 10,000, 8% debentures of Rs 100 each at a discount. The Companies Act 2013, has specified the maximum amount of discount that can be allowed on issue of debenture is -----

- A. 80,000 B. 10,000 C. 25,000 D. maximum discount not specified
- 4 Sun, Moon and Star are partners sharing profits in the ratio of 5:3:2. With effect from 1st July 2020, they agreed to share future profits 2:3:5. They decided to record the following with affecting the values. Profit & Loss A/c (Cr.) - ₹24,000 Advertisement Suspense A/c - ₹12,000 What is the impact of the above adjustments on Moon? 1
(A) No effect on Moon (B) Moon debit by ₹ 3,600
(C) Moon credit by ₹ 3,600 (D) Moon debit by ₹ 12,000

OR

The Net profits of Kamini were Rs. 20,000. Gulafsa the manager was to be given the commission of Rs 6,000; the distribution of profits will be done as:

- (A) Rs. 10,000 to each. (B) Rs. 7,000 to each.
(C) Rs. 13,000 to each. (D) None of the above

- 5 X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profit before interest on partner's capital was Rs. 6,00,000 and Z demanded minimum profit of Rs. 5,00,000 as his financial position was not good. However, there was no written agreement on this point. How will the profit be distributed? 1
(A) Other partners will pay Z the minimum profit and will share the loss equally
(B) Other partners will pay Z the minimum profit and will share the loss in capital ratio.
(C) X and Y will take Rs. 50,000 each and Z will take Rs. 5,00,000.
(D) Rs. 2,00,000 to each of the partners.

- 6 X Ltd issued 20,000, 8% Debentures of Rs 100 each at a discount of 10%. It has balance in Securities Premium Reserve of Rs 1,40,000 and Capital Reserve of Rs 90,000. While passing journal entry to write off Discount on Issue of Debentures, Capital Reserve will be debited with how much amount. 1
(A) 90,000 (B) 60,000 (C) 70,000 (D) 80,000

OR

Raj Ltd purchased assets of Rs 9,90,000 from Y Ltd. Payment was made by issuing 8% debentures of Rs 100 at a discount of 10%. Discount on issue of debenture A/c will be debited with—

- (A) Rs 1,10,000 (B) Rs 90,000 (C) Rs 99,000 (D) Rs 10,000
- 7 A company issued 4,000 equity shares of rupees 10 each at par payable as under: On application Rs.3, on allotment Rs.2; on first call Rs.4 and on final call Rs. 1 per share. Applicants were received for 16,000 shares. Application for 6,000 shares were rejected and pro-rata allotment was made to the applicants for 10,000 shares. How much amount will be received in cash on first call, when excess application money is adjusted towards amount due on allotments and calls: 1
(A) Rs.6,000 (B) nil (C) Rs.16,000 (D) Rs.10,000

- 8 A, B and C were partners in a firm sharing profit and losses in the ratio of 2:2:1. The capital balance are Rs. 50,000 for A, Rs. 70,000 for B, Rs. 35,000 for C. B decided to retire from the firm and balance in reserve on the date was Rs. 25,000. If goodwill of the firm was valued at Rs. 30,000 and profit on revaluation was Rs. 7,500, then, what amount will be payable to B? 1
(A) Rs. 70,820 (B) Rs. 76,000 (C) Rs. 75,000 (D) Rs. 95,000

OR

P, Q, and R are partners in 6 : 4 : 2. R is guaranteed that his share of profit will not be less than Rs. 70,000. Any deficiency will be borne by P and Q in the ratio of 4 : 2. Firm's profit was Rs. 2,40,000. Share of P will be :

- (A) Rs. 1,00,000 (B) Rs. 1,10,000 (C) Rs. 1,20,000 (D) Rs. 1,02,000

Read the following hypothetical situation, Answer Question No. 9 and 10

Abhishek and Aishwarya were partners in a fast food corner. They sold fast food items across the counter and did home delivery too. For this purpose they needed a delivery van, a few scooters and an additional person to support. Their initial fixed capital contribution was 3,50,000 and 2,00,000 respectively. Abhishek spends twice time that of Aishwarya to the business. He wants a salary of Rs. 10,000 per month for extra time spent by him. Aishwarya has advanced 1,00,000 to the firm and wants 6% interest per annum. They both have withdrawn 20,000 from the business for personal use for which Abhishek was asking for interest on drawing @ 5% to the business. They earned annual profit of Rs. 2,00,000.

- 9 Profit shared by Abhishek and Aishwarya are: 1
(A) 1,00,000 each (B) Equally
(C) 50,000 each (D) None of these
- 10 "Aishwarya has advanced 1,00,000 to the firm and wants 6% interest per annum", interest received by Aishwarya on advances will be: 1
(A) 6,000 (B) 7,000 (C) 8,000 (D) 9,000

- 11 Shalu, Shan & Julie are partners sharing profits in the ratio of 6 : 4 : 1. Julie is guaranteed a minimum profit of Rs. 20,000. The firm incurred a loss of Rs. 2,20,000 for the year ended 31st March, 2021. What amount of deficiency will be borne by Shalu and Shan. 1
- (A) Rs. 10,000 each.
(B) Rs. 20,000 each.
(C) Rs. 24,000 by Shalu & Rs. 16,000 by Shan.
(D) Rs. 12,000 by Shalu & Rs. 8,000 by Shan.
- 12 A company forfeited 3,000 shares of Rs.10 each (which were issued at par) held by Kishore for non-payment of allotment money of Rs.5 per share. The called up value per share was Rs.8. On forfeiture, the amount debited to share capital: 1
- (a) Rs.30,000
(b) Rs.24,000
(c) Rs.15,000
(d) Rs.6,000
- 13 Balance of Forfeited Shares Account after reissue of forfeited shares is transferred to : 1
- (a) Profit & Loss A/c
(b) Capital Reserve Account
(c) General Reserve Account
(d) None of these
- 14 A and S are partners sharing profits in the ratio of 3:2. They admit B for 1/4th share who contributed Rs.30,000 for his share of goodwill. The total value of goodwill of the firm will be: 1
- (a) Rs.1,50,000 (b) Rs.1,20,000
(c) Rs.1,00,000 (d) Rs.1,60,000
- 15 A partner withdrew Rs. 4,000 per month from 1st July, 2016, on beginning of every month. Accounts are closed at 31st March, 2017. Calculate interest on drawings while rate of interest is 10% per annum. 1
- (A) Rs. 1,600 (B) Rs. 1,800 (C) Rs. 1,500 (D) Rs. 2,200
- OR**
- In case of fixed capital, interest on drawings:
- a) Debited to partners' capital account
b) Debited to partners current account
c) Either (a) or (b)
d) None of the above
- 16 In case of dissolution A one of the partner was paid only RS5000 for his loan to the firm which amounted to Rs5500. Rs 500 will be recorded in which account and on which side: 1
- A. Realisation account credit side correct
B. Realisation account debit side
C. loan account debit side
D. All the above
- 17 Ajay, Bhawna and Shreya were partners sharing profits in the ratio 2:2:1. On July 1, 2017 Shreya died. The books of accounts are closed on March 31 every year. Sales for the year 2016-17 amounted to ₹ 5,00,000 and that from 1st April to 30th June 2017 were ₹ 1,40,000. The rate of profit during the past three years had been 10% on sales. Since Shreya's legal representative was her only son, who is specially abled, it was decided that the profit for the purpose of settling Shreya's account is to be calculated as 20% on sales. Calculate Shreya's share of profits till the date of her death and pass necessary a journal entry for the same. 3
- 18 P and Q were partners in a firm sharing profits in the ratio of 5:3. On 1-4-2021 they admitted R as a new partner for 1/8th share in the profits with a guaranteed profit of ₹ 75,000. The new profit-sharing ratio between P and Q will remain the same but they agreed to bear any deficiency on account of guarantee to R in the ratio 3:2. The profit of the firm for the year 3

ended 31-3-2015 was ₹4,00,000. Prepare Profit and Loss Appropriation Account of P, Q and R for the year ended 31-3-2022.

OR

Azad and Benny are equal partners. Their capitals are ₹ 40,000 and ₹ 80,000 respectively. After the accounts for the year had been prepared, it was noticed that interest @ 5% p.a. as provided in the Partnership Deed was not credited to their Capital Accounts before distribution of profits. It is decided to pass an adjustment entry in the beginning of the next year. Record the necessary Journal entry.

- 19** KTR Ltd., issued 365, 9% Debentures of ₹ 1,000 each on 4-3-2016. Pass necessary journal entries for the issue of debentures in the following situations : **3**
- (a) When debentures were issued at par redeemable at a premium of 10%.
 - (b) When debentures were issued at 6% discount redeemable at 5% premium.

OR

Venus Ltd., is a real estate company. To discharge its corporate Social Responsibility, it decided to construct a night shelter for the homeless. The company took over assets of ₹ 10,00,000 and liabilities of ₹ 1,80,000 of Cayns Ltd. for ₹ 7,60,000. Venus Ltd.. issued 9% Debentures of ₹ 100 each at a discount of 5% in full satisfaction of the purchase consideration in favour of Cayns Ltd. Pass necessary journal entries in the books of Venus Ltd. for the above transactions.

- 20** Pankaj and Naresh were partners in a firm sharing profits in the ratio of 3 : 2. Their fixed capitals were Rs. 5,00,000 and Rs. 3,00,000 respectively. On 1.1.2017, Saurabh was admitted as a new partner for 1/5th th share in he profits. Saurabh acquired his share of profit from Pankaj. Saurabh brought Rs. 3,00,000 as his capital which was to be kept fixed like the capitals of Pankaj and Naresh. Calculate the goodwill of the firm on Saurabh's admission and the new profit sharing ratio of Pankaj, Naresh and Saurabh. Also, pass necessary journal entry for the treatment of goodwill. **3**
- 21** Ganesh Ltd. is registered with an authorised capital of Rs. 10,00,00,000 divided into equity shares of Rs. 10 each. Subscribed and fully paid up capital of the company was Rs. 6,00,00,000. For providing employment to the local youth and for the development of the tribal areas of Arunachal Pradesh the company decided to set up a hydro power plant there. The company also decided to open skill development centers in Itanagar, Pasighat and Tawang. To meet its new financial requirements, the company decided to issue 1,00,000 equity shares of Rs. 10 each and 1,00,000, 9% debentures of Rs. 100 each. The debentures were redeemable after five years at par. The issue of shares and debentures was fully subscribed. A shareholder holding 2,000 shares failed to pay the final call of Rs. 2 per share. Show the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013. **4**
- 22** Pass the necessary journal entries for the following transactions on the dissolution of the partnership firm of Tony and Rony after the various assets (other than cash) and external liabilities have been transferred to Realization Account: **4**
- a) An unrecorded asset of Rs. 2,000 and cash Rs. 3,000 was paid for liability of Rs. 6,000 in full settlement.
 - b) 100 shares of Rs. 10 each have been taken over by partners at market value of Rs. 20 per share in their profit sharing ratio, which is 3 : 2.
 - c) Stock of Rs. 30,000 was taken over by a creditor of Rs. 40,000 at a discount of 30% in full settlement.
 - d) Expenses of realisation Rs. 4,000 were to be borne by Rony. Rony used the firm's cash for paying these expenses.
- 23** Pass entries for forfeiture and re-issue in both the following cases **6**
- a) X Ltd. forfeited 900 Equity Shares of ₹ 100 each for the non-payment of allotment money

of ₹ 30 per share and the first call of ₹ 20 per share. The second and final call of ₹ 25 per share has not been made . The forfeited shares were reissued for ₹ 90 per share , ₹ 75 paid-up.

b) The Directors of M Ltd resolved on 1st May, 2015 that 2,000 Equity Shares of ₹ 10 each , ₹ 7.50 paid be forfeited for non-payment of final call of ₹ 2.50 . On 10th June, 2015, 1,800 of these shares were reissued for ₹ 6 per share

OR

Ajanta Company Limited having a normal capital of Rs 3,00,000, divided into shares of Rs 10 each offered for public subscription of 20,000 shares payable at Rs 2 on application; Rs 3 on allotment and the balance in two calls of Rs 2.50 each. Applications were received by the company for 24,000 shares. Applications for 20,000 shares were accepted in full and the shares allotted. Applications for the remaining shares were rejected and the application money was refunded.

All moneys due were received with the exception of the final call on 600 shares which were forfeited after legal formalities were fulfilled. 400 shares of the forfeited shares were reissued at Rs 9 per share. Record necessary journal entries.

- 24 Azad and Babli are partners in a firm sharing profits and losses in the ratio of 2:1. Chintan is admitted into the firm with 1/4 share in profits. Chintan will bring in Rs 30,000 as his capital and the capitals of Azad and Babli are to be adjusted in the profit sharing ratio. The Balance Sheet of Azad and Babli as on December 31, 2016 (before Chintan's admission) was as follows: 6

Balance Sheet of A and B as on 31.12.2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	8,000	Cash in hand	2,000
Bills payable	4,000	Cash at bank	10,000
General reserve	6,000	Sundry debtors	8,000
Capital accounts:		Stock	10,000
Azad	50,000	Furniture	5,000
Babli	32,000	Machinery	25,000
	82,000	Buildings	40,000
	1,00,000		1,00,000

It was agreed that:

- Chintan will bring in Rs 12,000 as his share of goodwill premium.
- Buildings were valued at Rs 45,000 and Machinery at Rs 23,000.
- A provision for doubtful debts is to be created @ 6% on debtors.
- The capital accounts of Azad and Babli are to be adjusted by opening current accounts.

Record necessary journal entries

OR

Following is the Balance Sheet of Jain, Gupta and Malik as on March 31, 2016.

**Books of Jain, Gupta and Malik
Balance Sheet as on March 31, 2016**

Liabilities	Amount Rs	Assets	Amount Rs
Sundry Creditors	19,800	Land and Building	26,000
Telephone Bills Outstanding	300	Bonds	14,370
Accounts Payable	8,950	Cash	5,500
Accumulated Profits	16,750	Bills Receivable	23,450

Capitals:			Sundry Debtors	26,700
Jain	40,000		Stock	18,100
Gupta	60,000		Office Furniture	18,250
Malik	20,000	1,20,000	Plants and Machinery	20,230
			Computers	13,200
		1,65,800		1,65,800

The partners have been sharing profits in the ratio of 5:3:2. Malik decides to retire from business on April 1, 2016 and his share in the business is to be calculated as per the following terms of revaluation of assets and liabilities:

- Stock, Rs 20,000; Office furniture, Rs 14,250; Plant and Machinery Rs 23,530; Land and Building Rs 20,000.
- A provision of Rs 1,700 to be created for doubtful debts. The goodwill of the firm is valued at Rs 9,000.
- The continuing partners agreed to pay Rs 16,500 as cash on retirement of Malik, to be contributed by continuing partners in the ratio of 3:2. The balance in the capital account of Malik will be treated as loan.

Prepare Revaluation account, capital accounts

- 25 R, S and T were partners sharing profits and losses in the ratio of 5 : 3 : 2 respectively. On 31st March, 2018, their Balance Sheet stood as: 6

Liabilities	₹	Assets	₹
Sundry Creditors	40,000	Goodwill	25,000
Bills Payable	15,000	Leasehold	1,00,000
Workmen Compensation Reserve	30,000	Patents	30,000
Capital A/cs:		Machinery	1,50,000
R	1,50,000	Stock	50,000
S	1,25,000	Debtors	40,000
T	75,000	Cash at Bank	40,000
	3,50,000		
	4,35,000		4,35,000

T died on 1st August, 2018. It was agreed that:

- Goodwill be valued at 212/212 years' purchase of average of last 4 years' profits which were: 2014-15: ₹ 65,000; 2015-16: ₹ 60,000; 2016-17: ₹ 80,000 and 2017-18: ₹ 75,000.
- Machinery be valued at ₹ 1,40,000; Patents be valued at ₹ 40,000; Leasehold be valued at ₹ 1,25,000 on 1st August, 2018.
- For the purpose of calculating T's share in the profits of 2018-19, the profits in 2018-19 should be taken to have accrued on the same scale as in 2017-18.
- A sum of ₹ 21,000 to be paid immediately to the Executors of T and the balance to be paid in four equal half-yearly instalments together with interest @ 10% p.a. Prepare T's Executors' Account.

- 26 B. Ltd. issued 1,000, 12% debentures of Rs 100 each on April 01, 2014 at a discount of 5% redeemable at a premium of 10%. Give journal entries relating to the issue of debentures and debentures interest for the period ending March 31, 2015 assuming that interest is paid half yearly on September 30 and March 31 and tax deducted at source is 10%. 6

PART B
(Analysis of Financial Statements)

- 27** 11% Debentures redeemable within 12 months of the date of balance sheet will be shown under: **1**

- (a) Short term borrowings (b) Short terms provisions
(c) Other current liability (d) Trade payables

OR

Net Profit can be greater than Operating Profit when:

- (a) Cost of Revenue from Operations is more than Operating Expenses
(b) Operating Expenses are more than Non-operating Expenses
(c) Non-operating Expenses are more than Non-operating Income
(d) Non-operating Expenses are less than Non-operating Income

- 28** From the following information, Calculate Return on Investment: Net Profit after Interest and Tax Rs. 4,50,000, 10% Debentures 15,00,000 Tax @ 10% Capital employed Rs.26,00,000 **1**

- (A) 17.31% (B) 25% (C) 15.85% (D) 10.98%

- 29** If the amount of goodwill is ₹40,000 at the beginning of a year and ₹48,000 at the end of that year then while preparing cash flow statement its effect on cash flow will be: **1**

- (A) Cash used (Payment) in Investing Activities ₹8,000
(B) Cash received from operating activities ₹8,000
(C) Cash used (Payment) from Operating Activities ₹8,000
(D) Cash used (Payment) from Financial Activities ₹8,000

OR

XY Ltd. Has balance in Provision for Tax Account of Rs 1,00,000 and Rs 1,50,000 as on 31st March, 2019 and 2020 respectively. It made a provision for tax during the year of Rs 1,30,000. The amount of tax paid during the year was

- A. Rs 1,00,000 B. Rs 1,20,000
C. Rs 80,000 D. Rs 1,50,000

- 30** From the following information, the net amount of Cash Flow from Financing Activities: **1**

	1st April, 2018 (₹)		31st March, 2019 (₹)
Long-term Loan	2,00,000		2,50,000

During the year, the company repaid a loan of ₹1,00,000.

- a) ₹ 50,000 b) ₹ 1,00,000 c) ₹ 90,000 d) ₹ 1,12,000

- 31** Under which major headings and sub-headings will the following items be shown in the balance sheet of a company as per schedule III part I of the companies Act, 2013; **3**

- i. Balance of the Statement of Profit and Loss
ii. Loan of Rs. 1,00,000 payable after three years
iii. Short term deposits payable on demand
iv. Loose tools
v. Trade mark
vi. Land
vii. Cash at bank
viii. Trade payable

- 32** State with reason whether the following transactions will increase decrease or not change the 'Return on Investment': **3**

- (i) Purchase of machinery worth Rs. 2,00,000 by issue of equity shares.

- (ii) Charging depreciation of Rs. 5,000 on machinery.
 (iii) Redemption of debentures in cash Rs. 70,000.

- 33** (a) The net profit after interest and tax of a company was Rs. 1,20,000; Rate of income tax is 40%. The company has 10% debentures of Rs. 1,00,000. Calculate interest coverage ratio. **4**
- (b) From the following information related to a company calculate inventory turnover ratio :
 Opening inventory Rs. 20,000; Closing inventory Rs. 22,000; Purchases Rs. 80,000; Wages Rs. 9,000; Carriage outwards Rs. 2,000; Returns outwards Rs. 1,000; Revenue from operations Rs. 80,000; Carriage inwards Rs. 4,000; Rent Rs. 5,000.

OR

- (a) A company earns Gross profit of 25% on cost. For the year ended 31st March, 2017 its Gross Profit was Rs. 5,00,000; Equity Share Capital of the company was Rs. 10,00,000; Reserves and Surplus Rs. 2,00,000; Long Term Loan Rs. 3,00,000 and Non-Current Assets were Rs. 10,00,000. Compute the 'Working capital turnover ratio' of the company.
- (b) Y Ltd.'s profits after interest and tax was Rs. 1,00,000. Its Current Assets were Rs. 4,00,000; Current Liabilities Rs. 2,00,000; Fixed Assets Rs. 6,00,000 and 10% Long term debt Rs. 4,00,000. The rate of tax was 20%. Calculate 'Return on Investment' of Y Ltd.

- 34** From the following information, prepare cash flow statement: **6**

Particulars	Note No.	31 st March 2015 (Rs)	31 st March 2014 (Rs)
I) Equity and Liabilities			
1. Shareholders' Funds			
a) Share capital		7,00,000	5,00,000
b) Reserves and surplus		4,70,000	2,50,000
2. Non-current Liabilities			
8% Debentures		4,00,000	6,00,000
3. Current Liabilities			
a) Trade payables		9,00,000	6,00,000
Total		24,70,000	19,50,000
II) Assets			
1. Non-current assets			
a) Fixed assets			
i) Tangible		7,00,000	5,00,000
ii) Intangible-Goodwill		1,70,000	2,50,000
2. Current assets			
a) Inventories		6,00,000	5,00,000
b) Trade Receivables		6,00,000	4,00,000
c) Cash and cash equivalents		4,00,000	3,00,000
Total		24,70,000	19,50,000

Additional Information:

Depreciation Charge on Plant amount to Rs. 80,000.