



PREBOARD EXAMINATION- (2021-22)

TERM I – SET A

Subject: ACCOUNTANCY

Max. Marks:40

Grade: 12

Time: 90 min

Name:

Section:

Roll No:

General Instructions: Read the following instructions very carefully and strictly follow them:

- 1. This question paper comprises three PARTS – I and II. There are 55 questions in the question paper.*
- 2. There is an internal choice provided in each Sections.*
 - I. Part-I contains three Sections -A, B and C. Section A has questions from 1 to 18 and Section B has questions from 19 to 36, you must attempt any 15 questions each in both the sections.*
 - II. Part I, Section C has questions from 37 to 41. You must attempt any four questions.*
 - III. Part II, contains two Sections – A and B. Section A has questions from 42 to 48, you must attempt any five questions and Section B has questions from 49 to 55, you have to attempt any six questions.*
- 3. All questions carry equal marks. There is no negative marking.*
- 4. Specific Instructions related to each Part and subdivisions (Section) is mentioned clearly before the questions. Candidates should read them thoroughly and attempt accordingly.*

PART I

SECTION A

Instructions: — From question number 1 to 18, attempt any 15 questions.

- On admission of a partner, which of the following items of the Balance Sheet is transferred to the credit of Capital Accounts of old partners in the old Profit-sharing Ratio, if Capital Accounts are maintained following Fluctuating Capital Accounts Method
 - Deferred Revenue Expenditure
 - Profit and Loss Account (Debit Balance);
 - Profit and Loss Account (Credit Balance);
 - Balance in Drawings Account of partners.
- X Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application was ₹.2. M applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from M will be:
 - 60 shares; ₹.120
 - 340 shares; ₹.160
 - 320 shares; ₹.200
 - 300 shares; ₹.240
- A company purchased new machinery for ₹.15,00,000 out of which ₹. 7,00,000 were paid in cash. Balance amount was paid by issue of equity shares of ₹.10 each @ 25% premium. How many shares will be issued by the company?
 - 64,000 shares
 - 80,000 shares
 - 1,50,000 shares
 - 70,000 shares

4. On 1st Jan 2016, the first call of ₹.3 per share became due on 1,00,000 equity shares issued by ABC Ltd., Karan a holder of 500 shares did not pay the first call money of ₹.3 per share. Arjun, a shareholder holding 1,000 shares paid the second and final call of ₹. 5 per share along with the first call. Calls – in advance account will be :
- Debited by ₹.5,000
 - Credited by ₹.5,000
 - Debited by ₹.1,500
 - Credited by ₹.1,500
5. LMN Ltd invited applications for 25,000 equity shares of ₹.10 each and received 30,000 applications along with the application money of ₹.4 per share. Which of the following alternatives can be followed?
- Refund the excess application money and full allotment to the rest of the applicants.
 - Not to allot any share to some applicants, full allotment to some applicants and pro rata allotment to rest of the applicants.
 - Not to allot any share to some applicants and pro rata allotment to other applicants.
 - Make pro rata allotment to all applicants and adjust the excess money towards calls.
- Only i
 - Both i and iii
 - Only ii
 - All of these
6. B and L are partners sharing profits and losses in the ratio of 3:2. They changed the profit sharing ratio to 2:3 w.e.f. 1st April 2021, the assets were revalued, and liabilities were reassessed on that date which resulted in a loss of ₹.80,000. It was decided that the changed values will not be shown in the books of accounts. It will be adjusted in their capital accounts by
- Debiting B's capital and crediting L's capital by ₹.16,000
 - Crediting B's capital and Debiting L's capital by ₹.16,000
 - Debiting B's capital and crediting L's capital by ₹.80,000
 - Crediting B's capital and Debiting L's capital by ₹.80,000
7. X and Y are partners sharing profits equally. Z was manager who received the salary of ₹.8,000 p.m. in addition to a commission of 5% on net profit after charging such commission. Profit for the year ₹.13,56,000 before charging salary. Find out the total remuneration of Z.
- ₹.1,56,000
 - ₹.1,76,000
 - ₹.1,52,000
 - ₹.1,74,000
8. Which of the following does not result into reconstitution of a firm?
- Dissolution of partnership firm
 - Dissolution of partnership
 - Change in profit sharing ratio
 - Death of a partner
9. A, B and C were partners in a firm sharing profits in the ratio of 5:4: 1. C is given guarantee that his share in a year will not be less than ₹. 5,000. During the year the firm earned a profit of ₹40,000. Deficiency in the guaranteed profit of C is to be borne by B. Deficiency to be borne by B is:
- Deficiency of C ₹. 1,500 met by B
 - Deficiency of C ₹. 1,000 met by B
 - Deficiency of C ₹. 4,000 met by B
 - None of these
10. Black and white were partners in a firm sharing profits in the ratio of 2:1. Red was admitted as a partner in the firm. New profit-sharing ratio was 3:3:2. Red 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

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

11. A and B are partners with the capital of ₹.2,00,000 and ₹.1,00,000 respectively. Interest payable on capital is 10% p.a. Determine interest on capital for both the partners when the profit earned by the firm is ₹.24,000.

 - a. ₹.20,000 and ₹.10,000
 - b. ₹.15,000 and ₹.9,000
 - c. No interest will be paid
 - d. ₹.16,000 and ₹.8,000.

12. A and B are partners sharing profits in the ratio of 3: 2. On admission of C for 1/5th share, Land is appreciated by 10% (Book Value ₹. 80,000), Building is decreased by 20% (₹. 2,00,000), Unrecorded Debtors of ₹. 1,250 are bought in the books and Creditors of ₹. 2,750 need not be paid. The Gain (profit) /loss on revaluation will be:

 - a. Loss ₹ 28,000
 - b. Loss ₹. 40,000
 - c. Profit ₹. 28,000
 - d. Profit ₹. 40,000

13. A firm earns a profit of ₹.1,10,000; Normal Rate of return is 10%. Assets of the firm are ₹.11,00,000 and liabilities ₹.1,00,000, value of goodwill by capitalization of average profit will be

 - a. ₹. 2,00 000
 - b. ₹.10,000
 - c. ₹.5,000
 - d. ₹. 1,00,000

14. D Ltd. forfeited 7,000 equity shares of ₹.100 each issued at a premium of 10% for non-payment of first and final call was ₹.40 per share. The maximum amount of discount at which these shares can be reissued will be :

 - a. ₹.2,80,000
 - b. ₹.4,20,000
 - c. ₹. 4,90,000
 - d. ₹.3,50,000

15. According to Section 52 of the Companies Act, the amount in the Securities Premium Account cannot be used for the purpose of:

 - a. Issue of fully Paid Bonus Shares
 - b. Writing Off Losses of the Company
 - c. Writing off Preliminary Expenses
 - d. Writing Off Commission or Discount on Issue of Shares

16. S Ltd. issued 1,00,000 equity shares of ₹.10 each at a premium of ₹.2 per share. Neha, who was allotted 2,000 shares did not pay the first and final call money of ₹.5 per share. On forfeiture of shares, securities premium reserve account will be debited by -----.

 - a. ₹.5,000
 - b. ₹.10,000
 - c. ₹.15,000
 - d. Nil

17. New partner may be admitted into the partnership:

 - a. With the consent of majority of the partners
 - b. With the consent of $\frac{3}{4}$ th old partners
 - c. With the consent of all the partners
 - d. Not with the consent of old partners

18. When a partner withdraws ₹.5,000 in the beginning of each month, then interest on drawings @5%p.a will be :

 - a. ₹.1,625
 - b. ₹.1,675
 - c. ₹.2,500
 - d. ₹.1,500

Part – I
Section – B

Instructions:

From question number 19 to 36, attempt any 15 questions.

19. A, and B are partners sharing profits in the ratio of 2:3. Their balance sheet shows machinery at ₹2,00,000; stock ₹80,000, and debtors at ₹1,60,000. C is admitted and the new profit-sharing ratio is 6:9:5. Machinery is revalued at ₹1,40,000 and a provision is made for doubtful debts @5%. A's share in loss on revaluation amount to ₹20,000. Revalued value of stock will be:
- a. ₹1.82,000 b. ₹1,00,000
c. ₹1,28,000 d. ₹98,000
20. Match the following with respect to journal entries for treatment of goodwill.

i.	Incoming partner brings his share of goodwill	A	No Entry
ii.	Incoming partner does not bring his share of goodwill	B	Premium for Goodwill A/c Dr. Incoming Partner's Capital A/c Dr. To Sacrificing Partners Capital A/c
iii.	Incoming partner pays his share of goodwill privately	C	Premium for Goodwill A/c Dr. To Sacrificing Partners Capital A/c
iv.	Incoming partner brings only a part of his share of goodwill	D	Incoming Partner's Capital A/c Dr. To Sacrificing Partners Capital A/c

- a. i- B, ii-C, iii-A, iv-D
b. i- C, ii-D, iii-A, iv-B
c. i- D, ii-C, iii-A, iv-B
d. i- D, ii-C, iii-B, iv-A
21. P and Q are partners in a firm sharing profits and losses in the ratio of 3:2. On 1st April 2019, they decided to admit R' and their new ratio is decided to be equal. Investment fluctuation Reserve is ₹.1,80,000 at the time of R's admission. At that time, Investment appears in the books at ₹.6,30,000 and its market value is ₹.5,70,000. The investment account will be
- a. Debited by ₹ 60,000
b. Credited by ₹ 60,000
c. Debited ₹ 1,80,000
d. Credited by ₹1,80,000
22. Assertion (A): Rent to a partner is transferred to the debit of profit and loss account but is not transferred to the debit of profit and loss appropriation account.
Reason (R): Rent to a partner is an expense which is a charge against profits and is not an appropriation of profit. Hence, it is transferred to the debit of profit and loss account.
In the context of the above two statements, which of the following is correct?
- a. A and R correct but R is not the correct explanation of A
b. Both A and R are correct and R is the correct explanation of A.
c. A is correct but R is not correct.
d. A is not correct but R is correct.
23. U, V and W are partners sharing profits in the ration of 2:3:5. They decided to share the future profits in the ratio of 5:3:2. They also decide to record the effect of the following revaluations and reassessments without affecting the book values of assets and liabilities by passing a single adjustment entry:

	Book Value (₹)	Revised Value (₹)
Land and Building	3,00,000	3,50,000
Furniture	1,50,000	1,00,000
Sundry Creditors	60,000	20,000
Outstanding Salaries	10,000	15,000

The single adjustment entry will:

- a. Dr. W and Cr. U by ₹10,500
 - b. Dr. U and Cr. W by ₹. 10,500
 - c. Dr. V and Cr. U by ₹. 10,500
 - d. Dr. W and Cr. V by ₹. 10,500
24. Ram and Mohan are partners. They drew for personal use ₹.6,000 and ₹.4,000 respectively. Interest is chargeable at 6% p.a. on Drawings. What is the interest on drawings?
- a. Ram ₹.180 and Mohan ₹.120
 - b. Ram ₹.360 and Mohan ₹.240
 - c. Ram ₹.30 and Mohan ₹.20
 - d. None of these
25. A partnership firm earned divisible profit of ₹. 5,00,000, interest on capital is to be provided to partner is ₹. 3,00,000, interest on loan taken from partner is ₹. 50,000 and profit sharing ratio of partners is 5:3 sequence the following in correct way
- I. Distribute profits between partners
 - II. Charge interest on loan to Profit and Loss A/c
 - III. Calculate the net profit Transfer to Profit and Loss appropriation A/c
 - IV. Provide interest on capital
- a. i,iii,ii,iv
 - b. ii, iv, iii, i
 - c. ii, iii, iv, i
 - d. iii, iv,ii,i
26. Assertion: (A) P and Q are equal partners, they admit R into partnership for 1/3rd share in profits. On reassessing the liabilities, it was found that sundry creditors of ₹.1,00,000 are not payable as there was an unrecorded liability of customer claims ₹.1,00,000, which is to be recorded. As a result of these adjustments loss on revaluation will be nil.
- Reason (R): sundry creditors are reduced by ₹.1,00,000 and a new liability of same amount towards customer claims has arisen. As a result, there is neither gain nor loss in this account
- a. A and R correct but R is not the correct explanation of A
 - b. Both A and R are correct and R is the correct explanation of A.
 - c. A is correct but R is not correct.
 - d. Both A and R are correct.
27. If a share of a nominal (face) value of ₹.10 issued at a premium of ₹.2 per share payable along with the final call of ₹3, on which ₹.7 paid up against ₹.12 called up is forfeited and is reissued, it can be reissued at least for
- a. ₹.10
 - b. ₹.7
 - c. ₹.3
 - d. ₹. 12
28. Which of the following statements is correct in the context of share capital?
- a. Authorized capital is always more than issued capital.
 - b. Issued capital is always equal to authorized capital.
 - c. Authorized capital can be more or equal but cannot be less than issued capital.
 - d. Issued capital is independent of authorized capital.
29. E and F are partners sharing profits in the ratio of 7:3, having fixed capitals ₹.2,00,000 and ₹.1,00,000 respectively. After closing books for the year 2020, the accountant realized that interest on capital is provided @ 12 % p.a. in stead of 10%. The amount of adjustment will be:

- a. ₹200
c. ₹.400
- b. ₹. 600
d. None of these.
30. A company issued 3,00,000 shares of ₹ 10 each at a premium of ₹. 2 per share payable ₹.3 on application, ₹.5 on allotment, ₹. 2 on first call and the balance on the final call. On 1,000 shares first call money of ₹2 per share not received Hence the directors forfeited the shares.
Identify the correct journal entry to be passed on forfeiture of shares
- a. Share capital a/c Dr 8,000
 To forfeited shares a/c ₹6,000
 To call in arrears a/c ₹2,000
(Entry for forfeiture of shares)
- b. Share capital a/c Dr ₹ 8,000
 To forfeited shares a/c ₹ 8,000
(Entry for forfeiture of shares)
- c. Forfeited shares a/c Dr ₹6,000
 Call in arrears a/c Dr ₹2,000
 To Share capital a/c ₹ 8,000
(Entry for forfeiture of shares)
- d. Forfeited shares a/c Dr ₹8,000
 To Share capital a/c ₹ 8,000
(Entry for forfeiture of shares)
- 31 Assertion: (A): Shares cannot be issued at a discount to public. They can be issued as at par or at premium.
Reason (R): Shares cannot issue at a discount unless they are issued as ESOPs (Section 54 of the Companies Act, 2013). They cannot be issued at par or at premium.
In the context of above two statements, which of the following is correct?
- a. A and R correct but R is not the correct explanation of A
c. A is correct but R is not correct.
- b. Both A and R are correct, and R is the correct explanation of A.
d. Both A and R are correct.
32. X, Y and Z shared profits of ₹.75,000 in the ratio of 2:2:1. But the partnership Deed was silent regarding profit sharing ratio. Which of the following is necessary adjusting entry?
- a. Z's capital a/c Dr ₹10,000
 To X's Capital a/c ₹ 5,000
 To Y's Capital a/c ₹ 5,000
- b. X's Capital a/c Dr ₹ 5,000
 Y's Capital a/c Dr ₹ 5,000
 To Z's Capital ₹ 10,000
- c. Y's Capital a/c Dr ₹ 10,000
 To Y's Capital a/c ₹ 5,000
 To Z's Capital ₹ 5,000
- d. X's capital a/c Dr ₹ 10,000
 To Y's capital a/c ₹5,000
 To Z's capital a/c ₹ 5,000
33. The Directors of Neem Ltd. forfeited 7,000 equity shares of ₹.10 each, for non- payment of final call of ₹.2 per share. Half of the forfeited shares were reissued at ₹.12 per share fully paid-up. On reissue of forfeited shares, the following amount will be transferred to the Capital Reserve a/c :
- a. ₹.24,000
c. ₹.52,000
- b. ₹.56,000
d. ₹.28,000
34. A company took over assets worth ₹. 10,00,000 and liabilities of ₹. 3,00,000 for purchase consideration worth ₹. 12,00,000 how much amount will be debited to goodwill account
- a. ₹. 10,00,000
c. ₹. 3,00,000
- b. ₹ 5,00,000
d. ₹. 12,00,000
35. A and B are partners sharing profits in the ratio of 7: 3. C is admitted as a new partner. "A" gave 1/7th of his share and "B" gave 1/3rd of his share to C. New Profit-sharing Ratio will be:
- a. 6: 2: 2
c. 3: 2: 2
- b. 4: 1: 1
d. None

36. M.T. Ltd had issued 90,000 equity shares of ₹.10 each and it had called up the total nominal face value. it had received the total amount except the final call of ₹.3 on 5,000 equity shares. These 5,000 equity shares will be shown as:
- | | |
|---------------------------------|-------------------------------------|
| a. Subscribed and fully paid up | b. Subscribed but not fully paid up |
| c. Issued share capital | d. None of these. |

Part – I

Section – C

Instructions: From question number 37 to 41, attempt any 4 questions.

Moon Ltd was incorporated on 1st June 2020 with registered office in Kochi. The Capital clause of Memorandum of Association registered with a capital of 2,00,000 equity shares and 1,00,000 preference shares.

Moon Ltd. invited applications for issuing 1,60,000 equity shares of ₹. 10 each at a premium of ₹6 per share. The amount was payable as follows:

On application ₹4 per share (including premium ₹1 per share)

On allotment ₹6 per share (including premium ₹3 per share)

On First and final call – Balance.

Applications for 3,20,000 shares were received. Applications for 80,000 shares were rejected and application money refunded. Shares were allotted on pro rata basis to the remaining applicants. Excess money received with applications was adjusted towards sum due on allotment. John holding 800 shares failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards the final call was made. Sam who had applied for 1,200 shares failed to pay the final call. These shares were also forfeited. Out of the forfeited shares 1,000 shares were reissued at ₹8 per share as fully paid up. the reissued shares included all the forfeited shares of John.

37. The total amount received on allotment by Moon Ltd. would be :
- | | |
|---------------|---------------|
| a. ₹.6,36,800 | b. ₹.6,36,400 |
| c. ₹6,36,000 | d. ₹.6,36,500 |
38. What is the amount of discount on reissue of shares in the above case?
- | | |
|------------|------------|
| a. ₹.3,000 | b. ₹.3,500 |
| c. ₹.2,500 | d. ₹.2,000 |
39. What is the amount of Capital Reserve would be reflected in the Balance sheet?
- | | |
|------------|------------|
| a. ₹.3,200 | b. ₹.2,300 |
| c. ₹.5,200 | d. ₹.2,500 |

Read the following text and answer the given questions 40 and 41

After completing their university education, three friends A, B and C entered a partnership business of making and selling fresh fruit juices.

On 1st April 2020, their initial fixed capital contribution was ₹.20,00,000, ₹.15,00,000, and ₹.10,00,000 respectively.

With their initial capital contributions, they invested in the factory premises, raw materials, and equipment. Six months into the business, they require more capital to invest in the business. In this situation, C advanced a loan of ₹.3,00,000 to the firm. Binod devoted more working hours to the flourishing business as compared to the other partners.

A and B wanted to share profit in the ratio of capital contributions. At the end of the year, their

business recorded a net profit of ₹.1,50,000. C demanded interest @ 8% p.a. on the amount advanced by him. B asked for a remuneration of ₹,15,000 per month for devoting more time to the business.

40. On partners' capitals, interest will be provided :
- | | |
|-------------|----------------------------|
| a. @ 8%p.a. | b. @ 6%p.a |
| c. @ 5%p.a | d. No interest on capitals |
- 41 For interest on the advance made by C to the partnership firm, he will be credited by:
- | | |
|-------------|------------|
| a. ₹.18,000 | b. ₹,9,000 |
| c. ₹,30,000 | d. Nil |

Part – II
Section – A

Instructions:

From question number 42 to 48, attempt any 5 questions.

- 42 Which of the following is not a part of Finance Cost (in statement of profit and loss)?
- | | |
|-------------------------------------|--------------------------------|
| a. Bank charges | b. Interest paid on Debentures |
| c. Interest paid on public deposits | d. Loss on issue of debentures |
- 43 Which of the following is not correct ?
- | | |
|---|---|
| a. Equity = Capital employed + Debt | b. Equity = Share capital + Reserves and Surplus |
| c. Debt = Long term borrowings + Long Term Provisions | d. Working capital = Current Assets – Current Liabilities |
- 44 Which ratio measures the velocity of conversion of stock into sales?
- | | |
|-----------------------------------|-----------------------------|
| a. Working Capital Turnover ratio | b. Inventory Turnover ratio |
| c. Current ratio | d. Liquid ratio |
- 45 Current ratio of V Ltd. is 3:2. Accountant wants to maintain it at 2:1. Following options are available:
- He can repay bills payable.
 - He can purchase goods on credit
 - He can take short term loan
- | | |
|--------------------------------|--------------------------------|
| a. Only i is correct | b. Only ii is correct |
| c. Only i and iii are correct. | d. Only ii and iii are correct |
- 46 Which of the following analysis is considered as static?
- | | |
|-------------------------|----------------------|
| a. Horizontal analysis | b. Vertical analysis |
| c. Time series analysis | d. None of these |
- 47 What are the main limitations of financial statements analysis ?
- | | |
|------------------------------|---------------------------------|
| a. Based on old concepts | b. Ignoring price level changes |
| c. Ignoring qualitative base | d. All of the above |
- 48 Which of the following is not Activity Ratio?
- | | |
|-----------------------------|------------------------------------|
| a. Inventory Turnover Ratio | b. Trade receivable turnover Ratio |
| c. Interest coverage Ratio | d. All of these |

Part – II
Section – B

Instructions:

From question number 49 to 55, attempt any 6 questions.

- 49 Opening inventory ₹. 4,75,000, purchases ₹.20,00,000 , closing inventory ₹. 2,00,000. What is the value of cost of Revenue from operations?

- a. ₹.22,75,000 b. ₹.20,00,000
c. ₹.18,00,000 d. ₹.22,00,000

- 50 Revenue from Operations is ₹.9,00,000. Gross profit is 25% on cost , operating expenses are ₹.90,000. Operating ratio will be :

- a. 100% b. 50%
- c. 90% d. 10%

- | | | |
|-----|---|-----------------------------|
| 51. | 1. Cheque in hand | a) Short term borrowing |
| | 2. Encashment of employees earned leave payable on retirement | b) Cash and cash Equivalent |
| | | c) Invenotry |
| | | d) Long term provisions |

- a. 1-b, 2-d b. 1-b, 2-a
c. 1-a, 2-d d. 1-d, 2-a

- 52 Assertion (A): Operating Cycle is the time between acquisition of an asset for processing and its realization into cash and cash equivalents.

Reason (R): Any product takes time to be converted into finished goods, i.e. before it is ready for sale. This time period involved in the activity is the period of operating cycle.

In the context of above two statements, which one of the following is correct?

- a. A and R correct but R is not the correct explanation of A
- b. Both A and R are correct, and R is the correct explanation of A.
- c. A is correct but R is incorrect.
- d. Both A and R are incorrect.

- 53 Assertion (A): Gross profit ratio is 20%, sale of goods for ₹.5 0,000 will increase the ratio.

Reason (R): Revenue from operations will increase and closing inventory will decrease by the percentage of gross profit. As a result, the ratio will not change.

In the context of above two statements, which one of the following is correct?

- a. A and R correct but R is not the correct explanation of A
- b. Both A and R are correct, and R is the correct explanation of A.
- c. A is correct but R is not correct.
- d. A and is not correct but R is correct.

- 54 A Company's fixed assets are ₹.10,00,000 and its current assets are ₹.6,00,000, current liabilities ₹.3,00,000 and net profit before tax and interest ₹2,60,000, then return on investment will be:

- a. 15% b. 25%
- c. 20% d. 30%

- 55 'Security Deposits 'are presented in the balance sheet of the company under the sub head

- | | | | |
|----|------------------------------|----|---------------------------|
| a. | Other Non-Current Assets | b. | Fixed Assets |
| c. | Long term Loans and Advances | d. | Other Current Liabilities |
