CLASS XII
MAX.MARK: 80
Date: 20/11/2023
TIME: 3 hours

## General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This questions paper is divided into two parts, Part A and B.

Part - A. Accounting for Partnership Firms and Companies. Part - B Analysis of Financial Statements
3. Questions 1 to 16 and 27 to 30 carries 1 mark each.
4. Questions 17 to 20,31 and 32 carries 3 marks each.
5. Questions 21,22 , and 33 carries 4 marks each.
6. Questions 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 six marks.

## PART-A

## (Accounting for Partnership Firms and Companies)

$1 \quad P$ and $Q$ are partners sharing profit/loss in the ratio of $4: 3$. They admit $R$ as a partner for $1 / 7^{\text {th }}$ share in profits which he acquires equally from $P$ and $Q$. Calculate new profit sharing ratio of partners.
a) $7: 5: 2$
b) $5: 7: 2$
c) $2: 5: 7$
d) 3:2:1

2 Mohan holding 900 shares of Rs.10/-each failed to pay allotment money of Rs.2/-per share and call money of Rs.4/-per share. His shares were forfeited and out of these, 600 shares were reissued at Rs.7/-per share fully paid up. The amount of capital reserve will be:
a) Rs. 1200
b) Rs. 600
c) Rs. 800
d) Rs. 900

3 Mehar Ltd. issued Rs.1,00,000/-, $12 \%$ debentures of Rs.100/-each at a premium of $5 \%$ redeemable at a premium of $2 \%$.Premium on redemption account will be:
a) Debited by Rs.5000/-
b) Credited by Rs.5000/-
c) Debited by Rs.2000/-
d) Credited by Rs.2000/-
OR

## Read the following statements: Assertion (A) and Reason ( R ).Choose the correct alternative from those given below:

Assertion (A) : Salary allowed in the partner is shown in the profit \&loss appropriation account
Reason ( $\mathbf{R}$ ):Salary is allowed to the partner only when there is provision for the same in the partnership deed
a) Both $A$ and $R$ are correct, $R$ is the correct explanation of $A$
b) Both $A$ and $R$ are correct, but $R$ is not the correct explanation of $A$
c) $A$ is correct but $R$ is incorrect
d) $A$ is incorrect, but $R$ is correct
$4 \quad P$ and $Q$ are partners in a firm. They are entitled to interest on capital but the net profit was not sufficient for this interest. The net profit will be distributed among the partners in:
a) agreed Ratio
b) profit-sharing Ratio
c) capital Ratio
d) equal Ratio

## OR

Mona \&Tina are partners sharing profits in the ratio of 3:2. Naina was admitted with $1 / 6^{\text {th }}$ share
in the profits of the firm. At the time of admission, workmen's compensation reserve appeared in the balance sheet of the firm at Rs. $32,000 /-$. The claim on account of workmen's compensation was determined at Rs.40, 000/-. Excess of claim over the reserve will be:
a) credited to revaluation account
b) debited to revaluation account
c) credited to all partners capital account
d) debited to all partners capital account

5 Interest on capital will be transferred to $\qquad$ if it is a charge against profit
a) profit \& loss account (debit)
b) profit \& loss account (credit)
c) profit \& loss appropriation (debit)
d) profit \& loss appropriation (debit)

6 Shashi Ltd. issued 6,000 debentures of Rs.100/-each at a premium of Rs.10. It will credit debenture account by:
a) Rs.6,60,000/-
b) Rs.6,00,000/-
c) Rs.4,50,000/-
d) None
OR

Which of the following statements is incorrect about debentures
a) Debentures can be issued for cash
b) Debentures cannot be issued at discount
c) Debentures can be issued as collateral
d) Debentures can be issued at premium securities
$8 \quad A$ and $B$ are partners in a firm sharing profit and losses in the ratio of 5:3:2. $C$ retired and his capital balance after adjustments regarding reserves and accumulated profits/losses and his share of gain in revaluation was Rs.2,50,000/-. C was paid Rs.3, 22,000/- including his share of goodwill. The amount credited to C's capital account on his retirement for goodwill will be
a) Rs.72,000/-
b) Rs.7,200/-
c) Rs.24,000/-
d) Rs.36,000/-

9 A partnership firm has four partners. How many additional partners can be admitted into the business as per the provisions of the Companies Act 2013.
a) 50
b) 46
c) 100
d) 96

10 Chavi Ltd. forfeited 5,000 equity shares of Rs.10/- each issued at a premium of Rs.5/- per share for non-payment of first and final call of Rs.4/-share. On forfeiture 'share forfeiture ' account will be credited by :
a) Rs.20,000/-
b) Rs.30,000/-
c) Rs.50,000/-
d) Rs.55,000/-

11 Rohit and Mohit are partners sharing profit and losses in the ratio of 2:1.Their capital accounts as on 31.03 .2023 had a credit balance of Rs.1, 09,000/- and Rs.66, 000/- respectively. They admitted Sahil as a new partner on $1^{\text {st }}$ April 2021 for $1 / 5^{\text {th }}$ share in profits. Sahil brought Rs. $25000 /$-as his share of goodwill premium. He agreed to contribute capital in new profit sharing Ratio. The amount of capital brought by Sahil:
a) Rs. 40,000
b) Rs.32,000/-
c) Rs. $12,50,000$
d) Rs.50,000/-

12 Calculate interest on drawings of Tarun @ 8\% p.a. for the year ended $31^{\text {st }}$ March 2022, if he withdrew Rs.5000/-p.m. in the beginning of every month.
a) Rs.2600/-
b) Rs.2400/-
c) Rs.2200/-
d) Rs.2800/-

## OR

Calculate manager`s commission, if profit is Rs.66,000/-and commission is allowed @10\% after charging such commission.
a) Rs.6600/-
b) Rs.5500/-
c) Rs.6000/-
d) Rs.5000/-

13 The firm paid realisation expenses of Rs.20,000/- on behalf of Rahul a partner with whom it was agreed at Rs.50,000/-. Realisation expenses came to Rs.70,000/-. Realisation account will be
debited by:
a) Rs.20,000/-
b) Rs.70,000/-
c) Rs.50,000/-
d) Rs.1,40,000/-

## Read the following hypothetical situation, answer question no. 14 and 15

Puneet and Raju are partners in a clay toy making firm. Their capital was Rs.5, 00,000/- and Rs.10, $00,000 /-$ respectively. The firm allowed Puneet to get a commission of $10 \%$ on the net profit before charging any commission and Raju to get a commission of $10 \%$ on the net profit after charging all commission. Following is the profit and loss appropriation account for the year ended $31^{\text {st }}$ March 2022.

| Particulars | Amount | Particulars | Amount |
| :--- | :--- | :--- | :--- |
| To Puneet capital A/c <br> (commission)............x10/100 | 44,0000 | By Profit and Loss A/c | $\ldots . . . . . . . . . . . . . . . . ~$ |
| To Raju`s Capital \\ (commission) \end{tabular} & \(\ldots . . . . . . . . . . .\). & & \\ \hline \begin{tabular}{l}  To profit share transferred to: \\ Punneet `s CapitalA/c <br> Raju`s CapitalA/c | $\ldots \ldots . . . . . . . . . .$. |  |  |

14 Raju's commission will be.
a) Rs.40,000/-
b) Rs.44,000/-
c) Rs.36,000/-
d) Rs.36,440/-

15 Punnet's share of profit will be
a) Rs.1,80,000/-
b) Rs.1,44,000/-
c) Rs.2,16,000/-
d) Rs.1,60,000/-

16 Bango Ltd. took over assets worth Rs.20,00,000/- from CG Ltd. by paying 30\% through bank draft and balance by issue of shares of Rs.100/- each at a premium of $10 \%$.The entry to be passed by Bango Ltd. for settlement will be:

| A | CG Ltd $\quad \mathrm{Dr}$ To share capital To bank To Securities Premium A/c To statement of $\mathrm{P} / \mathrm{L}$ (Being settlement of amount due to vendors | 20,00,000 | $\begin{aligned} & 12,72,700 \\ & 1,27,270 \\ & 6,00,000 \\ & 30 \end{aligned}$ |
| :---: | :---: | :---: | :---: |
| B | CG Ltd Dr To share Capital To Securities Premium Reserve To Bank (Being settlement of amount due to vendors) | 20,00,000 | $\begin{aligned} & 12,72,700 \\ & 1,27,270 \\ & 6,00,030 \end{aligned}$ |
| C | CG Ltd Dr To Share capital A/c To Securities Premium Reserve To Bank A/c (Being settlement of amount due to vendors | 20,00,000 | $\begin{aligned} & 12,72,700 \\ & 1,27,300 \\ & 6,00,000 \end{aligned}$ |
| D | CG Ltd Dr To Share Capital To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors) | 15,00,000 | $\begin{aligned} & 12,73,000 \\ & 1,27,300 \\ & 5,99,700 \end{aligned}$ |

17 Tarun, Abhishek, Kamal and Vivek are partners in a firm sharing profits in the ratio of 5:3:2:2. [3] Kamal retired from the firm on $31^{\text {st }}$ March 2022. Tarun, Abhishek and Varun decided to share
future profits equally. On Kamal's retirement, goodwill of the firm was valued at Rs.9,00,000/Showing your working clearly, Pass the necessary journal entry for treatment of goodwill on Kamal's retirement. It was decided not to show good will in the books of the firm.
18 Asha, Suman and Verka were partners in a firm. Their capital were Rs.9, 00,000/- Rs.7, 00,000/and Rs.4,00,000/- respectively as on $1^{\text {st }}$ April 2022. Net profit for the year ended 31st March 2023 were Rs. $1,20,000 /-$ which was distributed without providing for interest on capital @ $8 \%$ p.a. as per partnership deed. Pass necessary adjustment entry.

## OR

$\mathrm{A}, \mathrm{B}$ and C are partners in a firm. On 1-4-2022 their capital stood at Rs.5, 00,000/- Rs.2,50,000/and Rs.2, $50,000 /-$ respectively. As per the provisions of the partnership deed:
(a) C was entitled for a salary of Rs.10,000/-p.m.
(b) Partners were entitled to interest on capital @ 5\%p.a.
(c) Profits were to be shared in the ratio of capitals.

The net profit for the year ended $31^{\text {st }}$ March 2023, Rs.3, 30,000/- was divided equally without providing for the above terms. Pass an adjustment entry to rectify the above error.
19 Kuber Ltd. purchased assets worth Rs. 10,00,000 and took over liabilities of Amrit Ltd. for a purchase consideration of Rs.8,00,000/-. Kuber Ltd. paid Rs.2, 60,000/-through a cheque and the balance was settled by issuing $12 \%$ debentures of Rs.100/- each at a discount of $10 \%$. Pass necessary journal entries in the books of Kuber Ltd. for the above transactions.

OR
JCV Ltd. forfeited 200 shares of Rs.10/-each issued at a premium of Rs. 2 per share for the nonpayment of allotment of Rs.3/-per share (including premium). The first and final call of Rs. 4 per share has not been made yet. $50 \%$ of forfeited shares were reissued at Rs. 8 per share fully paidup. Pass necessary journal entries for the forfeiture and re-issue of shares.
20. $A, B$ and $C$ are partners sharing profits and losses equally. They agree to admit $D$ for equal share. For this purpose, goodwill is to be valued at 3 years` purchase of average profits of last 5 years which were as follows:
I. Year ending on $31^{\text {st }}$ March $2018 \quad 60,000 /$-(Profit)
II. Year ending on $31^{\text {st }}$ March 2019 1,50,000/- (Profit)
III. Year ending on $31^{\text {st }}$ March 2020

20,000/-(Loss)
IV. Year ending on $31^{\text {st }}$ March 2021

2,00,000/-(Profit)
V. Year ending on $31^{\text {st }}$ March 2022

1,85,000/-(Profit)
On $1^{\text {st }}$ October 2021, a computer costing Rs.40,000/- was purchased and debited to office expenses account on which depreciation is to be charged @ $25 \%$ p.a. Calculate the value of goodwill.
21 Surya Tubes Ltd. issued 20,000 shares of Rs.100/- each. The due amount was received except for 500 shares on which Rs. 75 per share was received. These 500 shares were forfeited and 300 shares were reissued for Rs.60/- each fully paid up. Prepare forfeited shares account and show the share capital in the balance sheet as at closing date.
22 Pass necessary journal entries on the dissolution of a partnership firm in the following cases:
I. Expenses of dissolution were Rs.9,000/-
II. Expenses of dissolution of Rs.3, 400/- were paid by a partner, Vishal.
III. Shiv, a partner agreed to do the work of dissolution for a commission of Rs.4,500/-. He also agreed to bear the dissolution expenses. Actual dissolution expenses Rs.3, 900/-were paid from the firms` bank account.
IV. Vivek, a partner was appointed to look after the dissolution work for a remuneration of Rs 7000/-. He agreed to bear the dissolution expenses. Actual dissolution expenses of Rs 6500/- were paid by Naveen.
23 ABC Ltd. was registered with an authorised capital of Rs.2,00,000/- equity shares of Rs. 100 each. The company offered 60,000 equity shares for public subscription at $25 \%$ premium. The share
was payable as Rs.40/-on application and balance on allotment with the premium. Public had applied for 85,000 shares. Pro-rata allotment was made in the ratio of $5: 4$ and remaining applications were sent letters of regret. Mr Anand holding 4,000 shares failed to pay allotment money and his shares were forfeited. Out of these 3,000/- shares were re-issued at a discount of Rs. 20 per share. Pass necessary entries in the books of the ABC Ltd

OR
Dinesh Ltd issued 5,000 shares of Rs100/-each at par, payable as follows:

On Application
On Allotment
On First Call
On Final call

Rs.25/-
Rs.25/-
Rs.20/-
Rs.30/-

Anil holding 100 shares failed to pay the amount of allotment and first call and his shares were forfeited after the first call. Sunil holding 200 shares failed to pay the amount due on final and his shares were also forfeited. Show entries in the cash book and Journal of the company.
24 Gowtham and Rahul are partners in a firm, sharing profits and losses in the ratio of 2:3.Their balance sheet as at $31^{\text {st }}$ March 2023, was as follows:


Karim was to be taken as a partner with effect from $1^{\text {st }}$ April ,2023 on the following terms:
a) The new profit sharing ratio of Gowtham, Rahul and Karim would be 5:3:2.
b) Provision for doubtful debts would be raised to $20 \%$ of Debtors.
c) Karim would bring in cash, his share of capital of Rs $40,000 /-$ and his share of good will valued at Rs.10,000/-
d) Gowtham would take over the furniture at Rs.22,000/-

Pass Journal entries at the time of Karim's Admission. Prepare the Balance sheet of the reconstituted firm.

OR
$P, Q$ and $R$ were partners in a firm sharing profits in the ratio of 2:3:5.On 31-3-2021 their balance sheet was as follows

| Liabilities | Amount | Assets | Amount |
| :--- | :--- | :--- | :--- |
| Creditors | 70,000 | Bank | 45,000 |
| Capital <br> Accounts <br> P <br> 80,000 |  | Debtors 40,000 |  |
| Q |  | Provision 5,000 |  |
| R | 60,000 | $2,10,000$ |  |
|  |  | Stock | 35,000 |
|  |  | Building |  |
|  |  | Profit/loss A/c | 50,000 |
| Total | $\mathbf{2 , 8 0 , 0 0 0}$ | Total | $1,40,000$ |

On the above date R retired from the firm due to his illness on the following terms:
I. Building was to be depreciated by Rs. $40,000 /-$
II. Provision for doubtful debt was to be maintained at $20 \%$ on debtors.
III. Salary outstanding of Rs.5, 000/- was to be recorded and the creditors Rs.4, 000/-will not be claimed.
IV. R was to be paid Rs. $15,000 /$ - in cash through bank and the balance was to be transferred to his loan account.
Prepare revaluation account, partner`s capital account and the balance sheet of $P$ and $Q$ after $R$ 's retirement.
$25 \quad \mathrm{P}, \mathrm{Q}$ and R are partners sharing profits in the ratio of 2:2:1.The firm closes its books of accounts on $31^{\text {st }}$ March every year. On June $30^{\text {th }} 2017$, R died. The following information is provided on R's death.
I. Balance in his capital accounts in the beginning of the year was Rs $6,50,000 /-$
II. He withdrew Rs $60,000 /$ - on May 15,2017 for his personal purpose.

On the date of death of a partner, the partnership deed provided for the following
a) Interest on capital @ $10 \%$ p.a.
b) Interest on drawings @ $12 \%$ p.a.
c) His share in the profit of the firm till the date of death, to be calculated on the basis of the rate of net profit on sales of the previous year, which was $25 \%$.
d) The sales of the firm till June 30,2017 were Rs.6,00,000/-

Prepare R`s capital account on his death to be presented to his executors.
26. On $1^{\text {st }}$ April 2015, KK Ltd. issued $5009 \%$ Debentures of Rs.500/- each at a discount of $4 \%$
redeemable at a premium of $5 \%$ after three years. Pass necessary journal entries for the issue of debentures and debenture interest for the year ended $31^{\text {st }}$ March 2016 assuming that interest is payable on $30^{\text {th }}$ September and $31^{\text {st }}$ March. The company closes its books on $31^{\text {st }}$ March every year.

Part B
(Analysis of Financial Statement)
27. Which of the following is not the limitation of financial statement analyses?
a) It is affected by personal bias
b) Inter-firm comparative study is possible
c) It lacks qualitative Analyses
d) Ignores price level changes

OR
$\qquad$ ratios are calculated to determine the ability of the business to service its` debt in the long run.
a) Profitability
b) Solvency
c) Liquidity
d) Turn over

28 If total sales are Rs.2,50,000/- and credit sales are $25 \%$ on the cash sales. The amount of credit sales is $\qquad$
a) Rs.50,000
b) Rs.2,50,000
c) Rs. 16,000
d) Rs. $3,00,000$

## 29 Read the statement and choose the correct alternative given.

Statement I: Investing activity involves the purchase and sale of long term assets.
Statement II: These assets also include the purchase and sale of such investments which are not marketable securities.
a) Both statements are correct
b) Both statements are incorrect
c) Statement I correct and statement II incorrect
d) Statement I is incorrect and statement II is correct.

## OR

Which of the following is not included in cash and cash equivalents
a) balance with bank
b) bank deposit with 100 days maturity
c) cheque and draft
d) cash in hand
$30 X Y$ and $Z$ Ltd provided the following information .Calculate net cash flow from operating activity

| Particulars | $\mathbf{3 1 - 3 - 2 0 1 5}$ | $\mathbf{3 1 - 3 - 2 0 1 6}$ |
| :--- | :--- | :--- |
| Equity share Capital | $10,00,000$ | $12,00,000$ |
| $12 \% l o n g$ term borrowings | $1,00,000$ | $1,00,000$ |

## Additional information

I. Interest paid on debentures Rs.12,000/-
II. Dividend paid Rs.50,000/-
a) Rs.2,38,000/-
(b) Rs.2,36,000/-
b) Rs.2,42,000/-
(d) Rs.2,49,000/-

31 Under which major headings and subheadings will the following items be shown in the balance sheet of a company as per Schedule III part 1 of the Companies Act 2013
I. Balance in the statement of profit and loss
II. Loan of Rs.1,00,000/-payable after 3 years
III. Short term deposits payable after three years
IV. Short term deposits payable on demand
V. Loose tools
VI. Land
32. From the following information ,compute "Proprietary ratio":

| Particulars | Amount (Rs) |
| :--- | :---: |
| - 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 |

33. From the following information prepare a comparative statement of profit and loss of Y Ltd. for the year ended $31^{\text {st }}$ March 2022 and $31^{\text {st }}$ March 2023.

| Particulars | $\mathbf{3 1 - 3 - 2 0 2 3}$ | $\mathbf{3 1 - 3 - 2 0 2 2}$ |
| :--- | :--- | :--- |
| Revenue from operations | Rs 20,00,000 | Rs10,00,000 |
| Cost of materials consumed | Rs 15,00,000 | Rs6,00,000 |
| Other expenses | $12 \%$ cost of materials consumed | $10 \%$ cost of material consumed |
| Income tax | $40 \%$ | $30 \%$ |

## OR

From the following statement of profit and loss for the year ended $31^{\text {st }}$ March 2023, Prepare common size statement of profit and loss:

| Particulars |  | 31 ${ }^{\text {st }}$ March 2023 | 31 ${ }^{\text {st }}$ March 2022 |
| :---: | :---: | :---: | :---: |
| I. Revenue from operations |  | 6,25,000 | 5,00,000 |
| II. Expenses Purchases of stock in trade |  | 4,35,000 | 3,60,000 |
| Changes in inventories (stock) |  | $(10,000)$ | 15,000 |
| Employees Benefit Expenses |  | 15000 | 10,000 |
| Depreciation and Amortisation |  | 25,000 | 15,000 |
| Total Expenses |  | 4,65,000 | 4,00,000 |
| III. Profit before tax(1-11) |  | 1,60,000 | 1,00,000 |
| Less:Tax @ 40\% |  | 64,000 | 40,000 |
| Profit after Tax(111-1V) |  | $\underline{\underline{96000}}$ | $\underline{\underline{96000}}$ |

34 a)From the following information relating to year ended $31^{\text {st }}$ March 2019, Calculate net profit before tax and extra ordinary activities:

| Particulars | Amount |
| :--- | :--- |
| Surplus i.e.; balance in the statement of Profit and Loss(opening) | $1,00,000 /-$ |
| Surplus i.e.; balance in the statement of Profit and Loss(closing) | $2,24,000 /-$ |
| Transfer to DRR | $50,000 /-$ |
| Proposed dividend for the previous year ended 31 ${ }^{\text {st }}$ March 2018 | $60,000 /-$ |
| Interim dividend paid during the year | $48,000 /-$ |
| Provision for tax made during the year | $1,00,000 /-$ |
| Income tax paid | $72,000 /-$ |

b)From the following information calculate cash flow from Investing activities:

| Particulars | 2019(Rs) | 2020(Rs) |
| :--- | :--- | :--- |
| Plant and machinery | $8,50,000$ | $10,00,000$ |
| Noncurrent investment | 40,000 | $1,00,000$ |
| Land (at cost) | $2,00,000$ | $1,00,000$ |

Additional information:
i) Depreciation charged on plant \&machinery Rs.50, 000/-.
ii) Plant \& machinery with a book value of Rs.60, 000/- was sold for Rs.40, 000/-.
iii) Land was sold at a profit of Rs.60, 000/-.
iv) No investment was sold during the year.

