

SAMPLE Question Paper

3

(Questions-Answers)

ACCOUNTANCY

A Highly Simulated Practice Question Paper for
CBSE Class XII Examination

Time : 3 hrs

M.M. : 80

General Instructions*

1. This question paper contains two parts A and B.
 2. Part A is compulsory for all.
 3. Part B has two options—Analysis of Financial Statements and Computerised Accounting*.
Attempt only one option of Part B.
 4. All parts of a question should be attempted at one place.
- *Computerised Accounting has not been covered.

SECTION A

(Accounting for Not-for-Profit Organisations, Partnership Firms and Companies)

Objective Type Questions

(1 Mark)

Multiple choice questions (Q. no. 1 to 10)

There are four options for each question, out of these, only one is correct. You have to identify the correct option.

1. Tanya Ltd purchased an asset from Sanya Ltd for ₹ 5,40,000. Tanya Ltd issued 8% debentures of ₹ 100 each at 10% discount against the payment. Calculate the number of debentures issued by Tanya Ltd.
(a) 5,400
(b) 6,000
(c) 60,000
(d) 54,000
2. Which of these account has no ledger folio columns?
(a) Cash book
(b) Receipts and payments
(c) Journal
(d) None of these
3. Issue and allotment of shares to a selected group of persons privately and not to public in general through public issue is known as of shares.
(a) right issue
(b) employees stock option plan
(c) private placement
(d) All of these

*You are advised to attempt this sample paper without referring the answers given here. However, cross check your answers with the answers given at the end after you complete the paper.

4. X and Y are partners in a firm. They admit Z for $\frac{1}{3}$ share. Z brought ₹ 2,00,000 as his capital and ₹ 60,000 for premium. Journalise the transaction.
- (a) Bank A/c Dr 2,60,000
 To Z's Capital A/c 2,00,000
 To Premium for Goodwill A/c 60,000
- (b) Z's Capital A/c Dr 2,00,000
 To Bank A/c 2,00,000
- (c) Z's Capital A/c Dr 2,00,000
 Premium for Goodwill A/c Dr 60,000
 To Bank A/c 2,60,000
- (d) Bank A/c Dr 2,00,000
 To Z's Capital A/c 2,00,000
5. Book Publishing Co. purchased a running business from United Jung Publishing Co. for a sum of ₹ 60,00,000. Company received from vendor these assets and liabilities in this running business
 Plant and machinery ₹ 40,00,000; furniture ₹ 5,00,000; debtors ₹ 8,00,000; land and building ₹ 20,00,000 and creditors ₹ 3,00,000. What will be the amount of goodwill or capital reserve, as per the given information?
- (a) Goodwill ₹ 10,00,000 (b) Capital Reserve ₹ 10,00,000
 (c) Goodwill ₹ 3,00,000 (d) Capital Reserve ₹ 3,00,000
6. Which category of shares are redeemed after a specific given period according to the terms of issue?
- (a) Irredeemable preference shares (b) Non-cumulative preference shares
 (c) Redeemable preference shares (d) Cumulative preference shares
7. Pass journal entry for subscription recorded in the income and expenditure account.
- (a) Income and Expenditure A/c Dr —
 To Subscription A/c —
- (b) Subscription A/c Dr —
 To Income and Expenditure A/c —
- (c) Bank A/c Dr —
 To Income and Expenditure A/c —
- (d) None of the above
8. Debentures may be issued
- (a) for cash (b) for consideration other than cash
 (c) as collateral security (d) All of these
9. Hemtechno Ltd. invited application for 4,000 equity shares of ₹ 10 each at the issue price of ₹ 10. Complete amount was received on application itself. How the amount received will be shown in balance sheet?
- (a) Cash not received = ₹ 40,000 (b) Amount utilised = ₹ 40,000
 (c) Cash and cash equivalent = ₹ 40,000 (d) Shares = ₹ 40,000
10. Kumkum Ltd. bought business of Khushi Ltd. and purchase consideration is to be decided by net asset value method. Total assets and liabilities which were taken over were ₹ 22,40,000 and ₹ 4,00,000 respectively. ₹ 4,00,000 was paid in cash and for the balance amount, 6% debentures of ₹ 100 each were issued at a premium of 20%. Identify the number of debentures issued
- (a) 12,000 debentures (b) 20,000 debentures
 (c) 4,000 debentures (d) 22,400 debentures

Fill in the blanks (Q. no. 11 to 12)

Here, each sentence is incomplete due to one missing word. You are required to fill that missing word correctly.

11. goodwill refers to that type of goodwill for which payment is made for some consideration.
12. A company is having authorised capital of ₹ 50,00,000 which is divided into shares of ₹ 100 each. Company issued its 30,000 shares to the public @ 10% premium. All the shares are applied by the public and allotted by the company.
The amount of paid-up share capital will be
13. What do you understand by specific fund received by a non-profit organisation?

Short Answer Type I Question (3 Marks)

14. From the following particulars taken from the cash book of Metro Health Club, prepare receipts and payments account

| Opening Balance | Amt (₹) | Opening Balance | Amt (₹) |
|-----------------------|----------|------------------------|---------|
| Cash in Hand | 17,000 | Rent Paid | 68,000 |
| Cash at Bank | 85,000 | General Expenses | 73,100 |
| Subscription | 5,61,000 | Postage and Stationery | 6,800 |
| Donations | 1,19,000 | Courier Charges | 3,400 |
| Investments Purchased | 2,72,000 | Sundry Expenses | 8,500 |
| Closing Cash in Hand | 40,800 | | |

Or Calculate the amount of stationery to be debited to income and expenditure account.

| S.No. | Particulars | Amt (₹) |
|-------|---|---------|
| (i) | Stock of Stationery on 1st April, 2018 | 7,500 |
| (ii) | Creditors for Stationery on 1st April, 2018 | 5,500 |
| (iii) | Advance Paid for Stationery on 31st March, 2018 | 1,500 |
| (iv) | Amount Paid for Stationery During the Year | 17,000 |
| (v) | Stock of Stationery on 31st March, 2019 | 3,500 |
| (vi) | Creditors for Stationery on 31st March, 2019 | 1,600 |
| (vii) | Advance Paid for Stationery on 31st March, 2019 | 1,200 |

Short Answer Type II Questions (4 Marks)

15. Rahul and Modi are two partners into a firm sharing profits equally. On 1st January, 2020, they decided to admit Vikas as a new partner into the firm for $\frac{1}{5}$ th share. Vikas brings ₹ 10,00,000 for his share to capital and premium of goodwill in cash. Half goodwill is withdrew by the old partners. Goodwill of the firm is valued on the basis of one year purchase of profits or losses of preceeding last 3 years. Profits of last four years are: ₹ 6,00,000 in 2016, ₹ 7,00,000 in 2017, ₹ 8,00,000 in 2018 and ₹ 15,00,000 in 2019.
Complete the following journal entries for these activities at the time of admission of Vikas.

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| Date | Particulars | LF | Amt (Dr) | Amt (Cr) |
|-------|--|----------|-----------|----------|
| 2020 | | | | |
| Jan 1 | Cash/Bank A/c To A/c To Premium for Goodwill A/c (WN 1) (Being share of capital and goodwill is brought by the Vikas in cash) | Dr | 10,00,000 | |
| Jan 1 | Premium for Goodwill A/c To To (Being brought amount of goodwill is distributed between sacrificing partners in) | Dr | 2,00,000 | |
| Jan 1 | Rahul's Capital A/c Modi's Capital A/c To A/c (Being goodwill (Half) withdrew by the sacrificing partners) | Dr Dr | | 1,00,000 |

16. X and Y are partners in a firm sharing profits and losses equally. On 1st April, 2018, the capitals of the partners were ₹ 2,00,000 and ₹ 1,50,000 respectively. The profit and loss appropriation account of the firm showed a net profit of ₹ 3,75,000 for the year ended 31st March, 2019. The terms of partnership deed provided the following

- Transfer 10% of distributable profits to reserve fund.
- Interest on capitals @ 6% p.a.
- Interest on drawings @ 6% p.a. Drawings being X ₹ 40,000 and Y ₹ 30,000. The partners decided to provide clean drinking water and build toilets in a nearby school.

Prepare profit and loss appropriation account for the year ended 31st March, 2019.

17. Arihant & Company issued 10,000, 12% debentures of ₹ 10 each at a discount of 5% on 1st April, 2019, which are redeemable after 3 years of issue at 10% premium. Company has a balance ₹ 10,000 in securities premium reserve and ₹ 2,000 in general reserve on 31st March, 2020.

Pass journal entries for issue of debentures and writing-off discount/loss on issue of debentures in same year completely.

Or Comprehensive Ltd was formed on 1st April, 2019 with an authorised capital of ₹ 40,00,000 divided into equity shares of ₹ 10 each.

- The company issued 10,000 shares to its promoters as the remuneration of the services rendered by them at par.
- Company also issued shares at 10% premium to Mr Rajesh for the purchase of assets of ₹ 3,30,000 from him.

Pass the journal entries for purchase of assets and shares issued to promoters and Mr Rajesh.

18. From the following particulars, prepare income and expenditure account.

| | |
|--|---------------------|
| (i) Subscription received (including ₹ 1,84,000 of previous year) | Amt (₹) 8,74,000 |
| (ii) Subscription outstanding for the current year | 23,000 |
| (iii) Salary Paid (including ₹ 6,900 of previous year) | 64,400 |
| (iv) Salary outstanding for the current year | 2,300 |
| (v) Electricity expenses | 6,900 |

| | Amt (₹) |
|---|---------|
| (vi) Tournament expenses | 27,600 |
| (vii) Travelling expenses | 23,000 |
| (viii) Meeting expenses | 13,800 |
| (ix) Rent | 41,400 |
| (x) Purchase of books and periodicals (including ₹ 43,700 for books) | 66,700 |
| (xi) Donation received | 46,000 |
| (xii) Printing and stationery | 34,500 |
| (xiii) Postage | 9,200 |

Long Answer Type I Questions (6 Marks)

19. (i) P, Q and R are partners. Their fixed capitals as on 31st March, 2019 were: P-₹ 50,000, Q-₹ 1,00,000 and R-₹ 1,50,000. Profits for the year 2018-19 amounting to ₹ 60,000 were distributed. Interest on capital was credited @ 10% p.a. instead of 12% p.a. Pass the necessary adjusting entry.
- (ii) Ajit and Baljit were sharing profits in the ratio of 3 : 2. They decided to admit Chaman into the partnership for 1/6th share in the future profits. Goodwill, valued at 3 times the average super profits of the firm, was ₹ 18,000, the firm had assets worth ₹ 15 lakh and liabilities of ₹ 12 lakh. The normal earning capacity of such firm is expected to be 10% p.a. Find the average profits and actual profits earned by the firm during the last 3 years.
20. Mahesh, Mukesh and Raju were partners in a firm sharing profit and losses in the ratio of 2 : 1 : 1. Their balance sheet as at 31st March, 2019 was as follows

Balance Sheet
as at 31st March, 2019

| Liabilities | Amt (₹) | Assets | Amt (₹) |
|-----------------|---------|------------------|---------|
| Creditors | 10,200 | Cash in Hand | 680 |
| General Reserve | 10,880 | Cash at Bank | 17,000 |
| Capital A/cs | | Furniture | 30,600 |
| Mahesh | 34,000 | Stock | 13,600 |
| Mukesh | 17,000 | Debtors | 20,400 |
| Raju | 17,000 | Bills Receivable | 6,800 |
| | 89,080 | | 89,080 |

- On 30th June, 2019 Raju retired. As per the provisions of a partnership deed, he was entitled to the following
- (i) The capital to his credit at the date of last balance sheet.
 - (ii) Interest on capital @ 10% p.a.
 - (iii) Share of goodwill on the basis of three years' purchase of the average profits of last three years.
- The profit of the firm during the previous three years were
 I- ₹ 17,000 II- ₹ 30,600 III - ₹ 23,800.
- Prepare Raju's capital account.

Long Answer Type II Questions

(8 Marks)

21. Vishvesh and Yogesh are partners in a firm. They share profits and losses in the ratio of 3 : 2. Their balance sheet as at 31st March, 2019 was as under

Balance Sheet
as at 31st March, 2019

| Liabilities | Amt (₹) | Assets | Amt (₹) |
|------------------|----------|----------------------------------|----------|
| Creditors | 1,50,000 | Cash at Bank | 1,20,000 |
| Bills Payable | 80,000 | Debtors | 2,00,000 |
| Outstanding Rent | 20,000 | (-) Provision for Doubtful Debts | (20,000) |
| Capital A/cs | | Stock | 50,000 |
| Vishvesh | 3,00,000 | Plant and Machinery | 3,40,000 |
| Yogesh | 1,50,000 | Prepaid Expenses | 10,000 |
| | 4,50,000 | | 7,00,000 |
| | | | 7,00,000 |

They admitted Nishant as a new partner on 1st April, 2019 on the following terms

- (i) Nishant will bring in ₹ 2,00,000 as capital and the necessary amount for goodwill.
- (ii) The new profit sharing ratio among Vishvesh, Yogesh and Nishant will be 5 : 3 : 2.
- (iii) The amount of goodwill is to be based on Nishant's share in profits and capital contributed by him.
- (iv) Stock to be depreciated by 10%.
- (v) A provision for doubtful debts is to be only ₹ 5,000.
- (vi) Plant and machinery are to be depreciated by 5%.

Prepare the revaluation account, bank account, partners' capital accounts and the balance sheet of the new firm.

- Or A, B and C were in partnership sharing profits in proportion to their capitals. Their balance sheet on 31st March, 2019 was as follows

Balance Sheet
as at 31st March, 2019

| Liabilities | Amt (₹) | Assets | Amt (₹) |
|--------------|----------|----------------------------------|----------|
| Creditors | 15,600 | Cash | 16,000 |
| Reserve | 6,000 | Debtors | 20,000 |
| Capital A/cs | | (-) Provision for Doubtful Debts | (400) |
| A | 90,000 | Stock | 18,000 |
| B | 60,000 | Machinery | 48,000 |
| C | 30,000 | Buildings | 1,00,000 |
| | 1,80,000 | | 1,00,000 |
| | 2,01,600 | | 2,01,600 |

On the above date, B retired owing to ill health and the following adjustments were agreed upon

- (i) Buildings to be appreciated by 10%.
- (ii) Provision for doubtful debts to be increased to 5% of debtors.
- (iii) Machinery to be depreciated by 15%.
- (iv) Goodwill of the firm be valued at ₹ 36,000 and be adjusted into the capital accounts of A and C who will share profits in future in the ratio of 3 : 1.
- (v) A provision to be made for outstanding repairs bill of ₹ 3,000.

- (vi) Included in the value of creditors is ₹ 1,800 for an outstanding legal claim, which is not likely to arise.
- (vii) Out of the insurance premium paid, ₹ 2,000 is for the next year. The amount was debited to profit and loss account.
- (viii) B to be paid ₹ 9,000 in cash and balance to be transferred to his loan account.
- Prepare the revaluation account, partners' capital account and the balance sheet of the new firm after B's retirement.
22. Strongman Ltd company was registered with an authorised capital of ₹ 2,00,000 of ₹ 10 per equity share. Out of these, 6,000 equity shares issued as fully paid to the vendor for the purchase of building, 8,000 equity shares were subscribed by the public and during the first year ₹ 5 per equity share were called-up, payable as ₹ 2 on application, ₹ 1 on allotment, ₹ 1 on first call and ₹ 1 on second call.
- The amount received in respect of these shares were : On 6,000 equity shares, the full amount has been paid; on 1,250 shares, ₹ 4 per equity share; on 500 shares, ₹ 3 per equity share and on 250 shares, ₹ 2 per equity share.
- The directors forfeited 750 equity shares on which less than ₹ 4 per equity share had been paid. Show the journal entries in the books of the company.

Or Sahni Tyres and Company Ltd issued applications for 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows

- (i) On application ₹ 2
 (ii) On allotment ₹ 5 (including premium)
 (iii) Balance on the first and final call.

Applications were received for 1,50,000 shares. Allotment was made on pro-rata basis to all applicants. Amar, who had applied for 300 shares failed to pay allotment and call money. His shares were forfeited after first and final call.

Of these, 170 shares were re-issued to Amit at ₹ 9 per share fully paid. Pass the necessary journal entries to show the above transactions. Show your working clearly.

SECTION B

(Financial Statement Analysis)

Objective Type Questions

(1 Mark)

Multiple choice questions (Q. no. 23 to 27)

There are four options for each question, out of these, only one is correct. You have to identify the correct option.

23. If gross profit ratio is 20% and gross profit is ₹ 1,00,000, what will be the value of Cost of Goods Sold (COGS)?
 (a) ₹ 4,00,000 (b) ₹ 2,00,000 (c) ₹ 3,00,000 (d) ₹ 3,50,000
24. What is the value of current liabilities, when working capital is ₹ 4,00,000 and current assets are ₹ 8,00,000?
 (a) ₹ 2,00,000 (b) ₹ 1,50,000 (c) ₹ 4,00,000 (d) ₹ 12,00,000
25. A common-size balance sheet is a statement in which total of is assumed to be 100 and all the figures are expressed as percentage of the total.
 (a) assets (b) equity and liabilities
 (c) Both (a) and (b) (d) None of these

26.

Balance Sheet (Extract)

| Particulars | Note No. | 31st December, 2019 (₹) | 31st December, 2018 (₹) |
|-------------------------------|----------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| 1. Shareholders' Funds | | | |
| Share Capital | 1 | 16,00,000 | 15,50,000 |

Notes to Accounts

| Particulars | 31st December, 2019 (₹) | 31st December, 2018 (₹) |
|------------------------------|-------------------------|-------------------------|
| 1. Share Capital | | |
| Equity Share Capital | 15,00,000 | 13,50,000 |
| 12% Preference Share Capital | 1,00,000 | 2,00,000 |

Additional Information

(i) Price per equity share is ₹ 10 and these were issued at par.

(ii) Preference shares were redeemed at 10% premium.

How much amount based on the above information, will be shown in financing activity while preparing cash flow statement?

(a) Inflow ₹ 40,000

(b) Outflow ₹ 40,000

(c) Inflow ₹ 50,000

(d) Outflow ₹ 50,000

27. In balance sheet, 'Trade receivables' is the sub-head under

(a) non-current assets

(b) current assets

(c) non-current liabilities

(d) current liabilities

28. In balance sheet, 'Secured loans' are recorded under sub-head

29. State the purpose of the cash equivalents.

Short Answer Type I Question**(3 Marks)**

30. Under which main heading and sub-heading will you classify the following items in the balance sheet of a company as per Schedule III of the Companies Act, 2013.

(i) Contingent liabilities and commitments

(ii) Fixed deposits from the public

(iii) Advance recoverable in cash

(iv) Forfeited shares account

Or

The debt to equity ratio of Rattle Ltd is 2 : 1. State giving reasons, whether this ratio will increase or decrease or will have no change in each of the following cases

(i) Declaration of final dividend.

(ii) Issue of new shares for cash.

(iii) Conversion of debentures into equity shares.

(iv) Redemption of debentures for cash.

Short Answer Type II Question

(4 Marks)

31. Prepare comparative statement of profit and loss from the following statement of profit and loss.

| Particulars | 2019 Amt (₹) | 2020 Amt (₹) |
|--|-----------------|-----------------|
| I. Income | | |
| Revenue from Operations (Sales) | 3,00,000 | 3,50,000 |
| II. Expenses | | |
| Purchases of Stock-in-trade | 1,80,000 | 2,10,000 |
| Changes in Inventories of Stock-in-trade | 20,000 | 15,000 |
| Employees Benefit Expenses | 15,000 | 17,500 |
| Other Expenses | 5,000 | 7,500 |
| Total | 2,20,000 | 2,50,000 |
| III. Net Profit (I - II) | 80,000 | 1,00,000 |

- Or (i) Calculate amount of gross profit and sales from the following information

Average Inventory = ₹ 8,000

Inventory Turnover Ratio = 6 times

Selling Price = 25% above cost

- (ii) From the following details, calculate opening inventory

Closing inventory ₹ 6,000; Total revenue from operations ₹ 50,000 (including cash revenue from operations ₹ 10,000); Total purchases ₹ 30,000 (including credit purchases ₹ 6,000). Goods are sold at a profit of 25% on cost.

Long Answer Type I Question

(6 Marks)

32. From the following information, calculate cash flow from investing activities.

| Particulars | Closing (₹) | Opening (₹) |
|--------------------------|-------------|-------------|
| Machinery (at cost) | 8,40,000 | 8,00,000 |
| Accumulated Depreciation | 2,20,000 | 2,00,000 |
| Patents | 3,20,000 | 5,60,000 |

Additional Information

- (i) During the year, a machine costing ₹ 80,000, accumulated depreciation ₹ 48,000 was sold for ₹ 40,000.
- (ii) Patents were written-off to the extent of ₹ 80,000 and some patents were sold at a profit of ₹ 40,000.