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PRACTICE PAPER-4

CLASS-XII

ACCOUNTANCY

(2020-2021)

General Instructions:

1. This question paper comprises two Parts – A and B. There are 32 questions in the question paper. All questions are compulsory.
2. Part A is compulsory for all candidates.
3. Part B has two options i.e. (1) Analysis of Financial Statements and (2) Computerized Accounting. You have to attempt only one of the given options.
4. Question nos. 1 to 13 and 23 to 29 are very short answer type questions carrying 1 mark each.
5. Question nos. 14 and 30 are short answer type-I questions carrying 3 marks each.
6. Question nos. 15 to 18 and 31 are short answer type-II questions carrying 4 marks each.
7. Question nos. 19, 20 and 32 are long answer type-I questions carrying 6 marks each.
8. Question nos. 21 and 22 are long answer type-II questions carrying 8 marks each.
9. There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, 2 questions of four marks and 2 questions of eight marks.

Question 1 The average period (in months) for charging interest on drawings of a fixed amount, withdrawn at the beginning of each quarter is 1

a. 7.5 b. 6.5 c. 5.5 d. 4.5

Question 2 When the incoming partner brings in his share of premium for goodwill in cash, it is adjusted by crediting to 1

a. Incoming Partner's Capital A/c
b. Sacrificing Partner's Capital A/c
c. Premium for Goodwill A/c
d. None of the above.

Question 3 In the Balance Sheet, a share of face value of Rs. 10, on which Rs.7 Called up and Rs. 6 paid up, will be shown under Issued Capital at 1

a. Rs. 10
b. Rs. 9
c. Rs. 7
d. Rs. 6

Question 4 A company forfeited 2,000 shares of Rs.10 each on which application money of Rs.4 has been paid. Out of these 1,000 shares were reissued as fully paid up and Rs.3,000 has been transferred to capital reserve. Calculate the rate at which these shares were reissued.

a. Rs.10 Per share

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- b. Rs. 9 Per share
- c. Rs.11 Per share
- d. Rs.8 Per share

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Question 5 WinStar Charitable club has Expenditure of Rs. 30,000 and 'Surplus' credited to capital fund of Rs. 4,000 for the year 2019- 20, then income for the year 2019-20 is:

- (A) Rs. 26,000 (B) Rs. 34,000 (C) Rs. 4,000 (D) None of these

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Question 6 At the time of dissolution of partnership firm, Journal Entry for furniture taken over by the partner at the time of settlement of loan given by a partner to the firm would be:

- a. Loan from Partner A/cDr
To Furniture A/c
- b. Loan from Partner A/cDr
To Partner's Capital A/c
- c. Loan from Partner A/cDr
To Realisation A/c
- d. Realisation A/cDr
To Loan from Partner A/c

1

Question 7 Suman and Shikha are partners in a firm sharing profits and losses in the ratio of 3:2

Balance Sheet (Extract)

Liabilities	Assets
	Stock 40,000

If value of stock in the balance sheet is overvalued by 25%, then at what value will stock be shown in new balance sheet:

- (a) Rs. 30,000 (b) Rs.48,000 (c) Rs.32,000 (d) Rs.50,000

Question 8 A, B and C are partners sharing profits in the ratio of 3 : 2 : 1. C retired from the firm and his share is taken by A and B in 3:2. The new profit sharing ratio between A and B is :

- A) 4 : 3
- B) 3 : 1
- C) 2 : 1
- D) 3 : 2

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Question 9 A, B and C are partners having profit sharing ratio is 3:2:1. C expired on 1st December 2020 and A and B decide to share future profits and losses in 4:3 ratio.

As per agreement surviving partners A and B directed the accountant to prepare financial statements as on 1st December 2020 and accordingly the share of profits of C (deceased partner) was calculated as Rs.1,00,000. Which account will be debited to transfer C's share of profits:

- a. Profit and Loss Suspense Account.
- b. Profit and loss Appropriation Account.
- c. Continuing (Gaining) Partners' Capital Account.
- d. None of the above.

Question 10. On the basis of the following data, how much final payment will be made to a partner on firm's dissolution? Credit balance of capital account of the partner was Rs.60,000. Share of profit on realization amounted to Rs.15,000. Firm's furniture taken over by him was for Rs.20,000.

- a. Rs.95,000
- b. Rs.80,000
- c. Rs.65,000
- d. Rs.55,000

Question 11. Rahul, Tushar and Sohan are partners in a firm in the ratio of 4:3:3. As per their partnership agreement, the share of profit of deceased partner is to be calculated on the basis of average profit of last 3 years before the death. Tushar expired on 31st December 2019. Their profits for the year 2016-17, 2017-18 and 2018-19 were Rs. 4,00,000 , Rs. 5,00,000 and Rs.3,00,000 respectively. An amount of Rs._____ will be given to his executors as his share of profits till the date of death.

- a. 90,000
- b. 1,20,000
- c. 1,50,000
- d. 3,00,000

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Question 12 Ankit, Sourabh and Gaurav are partners sharing profits in the ratio of 3:2:2. As per the partnership agreement, Gaurav is to get a minimum amount of Rs.1,00,000 as his share of profits every year and any deficiency on this account is to be personally borne by Ankit. The net profit for the year ended 31st March, 2020 amounted to Rs. 2,80,000. Calculate the amount of deficiency to be borne by Ankit?

- a. Rs.20,000 b. Rs.30,000 c. Rs.10,000 d. Rs.40,000.

Question 13 If A and B bring capital on April 1, 2019 Rs. 2,00,000 and Rs. 1,00,000, then at the end of year, what will be the interest on A's capital?

- a. 20,000
- b. 10,000

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- c. 0
- d. None of the above.

Question 14. From the following information, calculate the amount to be charged to Income and Expenditure Account for 'Sports material consumed' for the year 2020-21

Particulars	Particulars Amount (Rs.)
Stock of Sports material (01-04-2020)	50000
Amount paid to creditors (during 2020-21)	2,00,000
Creditors for Sports Materials (01-04-2020)	1,50,000
Creditors for Sports Materials (31-03-2021)	60000
Sports Material sold During the year (Book Value Rs.35,000)	10000
Cash Purchases of Sports Material (During the Year 2020-21)	1,20,000

There was closing stock of sports material of Rs. 60,000 at the end of financial year 2020-21.

Or

Calculate the amount of Subscription to be credited to Income and Expenditure account for the year 2020-21.

Particulars	Amount (Rs.)
Amount received during the year (including Rs. 30,000 for 2019-20 and Rs.50,000 for 2021-22)	6,80,000
Subscription received in advance as on 01-04-2020 (including Rs.20,000 for 2021-22)	35,000
Subscription in arrears as on 01-04-2020	60,000
Subscription in arrears as on 31-03-2021	70,000
Out of subscription in arrears on 01-04-2020, Rs.25,000 are no longer recoverable.	

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Question 15 Mohan, Sanjay and Parvesh are partners in a firm. Their capital accounts on 1st April, 2019, stood at Rs.2,00,000, Rs.1,20,000 and Rs.1,60,000 respectively. Each partner withdrew Rs.15,000 during the financial year 2019-20. As per the provisions of their partnership deed:

- (a) Interest on capital was to be allowed @ 5% per annum.
- (b) Interest on drawings was to be charged @ 4% per annum.
- (c) Profits and losses were to be shared in the ratio 5:4:1.

The net profit of Rs.72,000 for the year ended 31st March 2020, was divided equally amongst the partners without providing for the terms of the deed. You are required to pass a single adjustment entry to rectify the error (Show workings clearly).

Or

Sourabh & Gaurav are partners in the ratio of 3:2. The firm maintains fluctuating capital accounts and the balance of the same as on 31-03-2020 amounted to Rs.1,60,000 and Rs.1,40,000 for Sourabh and Gaurav

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respectively. Their drawings during the year were Rs.30,000 each. As per partnership deed interest on capital @10% p.a. on opening capitals had been provided to them. Calculate opening capitals of partners given that their profits were Rs.90,000. Show your workings clearly. 4

Question 16 Fill the missing figures 4

Date	Particular	L.F.	Dr. (Rs.)	Cr. (Rs.)
	Sundry assets A/c Dr. Dr. To Sundry liabilities A/c To Shyam Ltd. (.....)		12,00,000 	 1,80,000 10,50,000
 Dr. To Equity Shares Capital A/c To (Issue of shares of Rs. 100 each at 5 % premium)	

Question 17 Pass necessary journal entries in the following cases on the dissolution of a partnership firm of partners X,Y and Z:

- (i) Realization expenses of Rs. 5,000 were to borne by X, a partner. However, it was paid by the Firm.
- (ii) Bank loan of Rs. 34,000 was paid.
- (iii) A computer previously written off realized Rs.8,000
- (iv) Investments(Book Value Rs 40,000) realized at 150%

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Question 18 A, B and C are partners in a firm sharing profits in the ratio of 5:3:2, whose books are closed every year on 31stMarch. They decided to change their profit-sharing ratio in 2:3:5, w.e.f. 1st April. They decided to record the effect of the following without affecting book figures.

- General Reserve Rs.50,000
- Contingencies Reserve Rs. 5,000
- Profit and Loss A/c. (Dr.) Rs.10,000
- Advertisement Suspense Rs.15,000

Pass the necessary journal entry.

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Question 19 Following is the summary of cash transactions of Indian Youth Club for the year ended 31st March, 2018. Prepare Income and Expenditure Account for the year ended 31st March,2018 and also Balance Sheet as at that date:

Dr	Receipts and Payments Account		Cr
Receipts	Amount	Payments	Amount
Cash in hand	1,41,300	Rent and Taxes	86,100
Entrance fees	55,200	Salaries	1,09,000
Subscriptions	2,20,000	Electric charges	6,200
Donations	1,06,100	General expenses	12,500
Interest	4,100	Books	31,200
Profit from cultural event	8,200	Office expenses	45,000
		Investments	1,40,000
		Cash at bank	61,900
		Cash in hand	43,000
	-----		-----
	5,34,900		5,34,900

Additional Information:

- a) In the beginning of the year, the club had Books worth Rs. 3,00,000 and furniture Rs.58,000
- b) Subscription in arrears on 1st April,2017 were Rs.6000 and Rs. 7000 on 31st March,2018
- c) Write off Rs. 5,000 from furniture and Rs. 30,000 from books.

Rs.18, 000 was due by way of Rent in the beginning as well as at the end of the year.

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Question 20

Pass journal entries for issue of Debentures:

- a) A Ltd issues Rs 2, 00,000 9% Debentures of Rs 100 each at 5% discount to be redeemed at 20% premium.
- b) B Ltd issues 1000 9% Debentures of Rs 500 each at 530 to be redeemed at Rs 600

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Question 21 The Balance Sheet of Rajkumar and Rajendra Kumar as on 31st March 2012 is set out below, they share profits and losses in the ratio of 2:1.

Balance Sheet

as on 31st
March, 2012

Liabilities	Amount Rs	Assets	Amount Rs
Capital A/c's – Rajkumar	2,00,000	Buildings	1,00,000
Rajendra Kumar	1,50,000	Furniture	30,000
General Reserve	1,20,000	Stock	60,000
Creditors	80,000	Debtors	3,00,000
		Cash	30,000
		Profit and Loss A/c	30,000
	-----		-----
	5,50,000		5,50,000

They agreed to admit Dhiraj Kumar on 1st April 2012 as a partner into the firm on the following terms on.

- (1) Dhiraj Kumar to bring Rs 60,000 as capital and Rs 45,000 as a goodwill, which is to be retained in the business. He will be entitled to 1/4th share of profit of the firm.
- (2) 50% of General Reserve is to remain as Reserve for doubtful debts.
- (3) Furniture is to be depreciated by 5%.
- (4) Stock is to be revalued at Rs 65,000/-
- (5) Creditors of Rs 5,000 are not likely to claim and hence should be written off.
- (6) Rent of Rs 2,000 due but not received has not been recorded in the books.

Pass the necessary journal entries in the books of new firm

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OR

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A, B and C were partners in a firm sharing profits in the ratio of 5: 3: 2. On 31-3-2019 their Balance Sheet was as follows:

Balance Sheet of A, B and C

as on 31-3-2019

Liabilities	Amount Rs	Assets	Amount Rs
Creditors	63,000	Land & Building	1,86,000
Investment Fluctuation Fund	30,000	Motor Van	60,000
Profit & Loss A/c.	1,20,000	Investment	57,000
Capitals:		Debtors: 1,20,000	
A : Rs.1,50,000		Less: Prov. For doubtful Debts 9,000	1,11,000
B : Rs.1,20,000		Stock	45,000
C : <u>Rs.60,000</u>	3,30,000	Cash	48,000
		Machinery	36,000
	-----		-----
	5,43,000		5,43,000

On the above date B retired and A and C agreed to continue the business on the following terms:

- (1) Goodwill of the firm was valued at Rs 2, 00,000.
- (2) Provision for bad debts was to be reduced by Rs 3,000.
- (3) There was a claim of Rs 12,000 for workmen compensation.
- (4) Motor Van was valued at Rs. 1,00,000
- (5) Investment was valued at Rs. 45,000.
- (6) Stock was valued at Rs. 40,000.
- (7) B will be paid Rs 24,600 in cash and the balance will be transferred to his loan account.

Prepare Revaluation Account, Partners' Capital Accounts.

Question 22 Supriya Ltd. issued a prospectus inviting applications for 5,00,000 equity shares of Rs10 each issued at a premium of 10% payable as: Rs. 3 on Application , Rs. 5 on Allotment (including premium) and Rs. 3 on call. Applications were received for 6, 60,000 shares. Allotment was made as follows:

- (a) Applicants of 4, 00,000 shares were allotted in full.
- (b) Applicants of 2, 00,000 shares were allotted 50% on pro rata basis.
- (c) Applicants of 60,000 shares were issued letters of regret.

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A shareholder to whom 500 shares were allotted under category (a) paid full amount on shares allotted to him along with allotment money. Another shareholder to whom 1,000 shares were allotted under category (b) failed to pay the amount due on allotment. His shares were immediately forfeited. These shares were then reissued at Rs. 14 per share as Rs. 7 paid up. Call has not yet been made. Journalise the above transactions.

OR

Sukriti Ltd. was registered with a share capital of Rs.4, 00,000 divided into equity shares of Rs. 100 each. It issued 2,000 of such shares payable Rs. 25 on application; Rs. 25 on allotment; Rs.20 on first call and the balance as and when required. All money payable on application and allotment were duly received; but when the first call of Rs.20 per share was made, one shareholder holding 100 shares failed to pay the amount due and another shareholder holding 200 shares paid them in full.

Record these transactions in the Journal and also show the Share Capital in the Balance sheet of Sukriti Ltd.

PART- B

(Analysing of Financial Statements)

Q23.The Primary objective of Analysis of Financial Statements is to assess the----- of the firm as a whole so as to judge the financial health of the firm.

- (a) Past profitability
- (b) Current profitability and operational efficiency
- (c) Calculations of Ratios
- (d) Preparing Cash Flow Statement

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Q24. What will be the second last item under the main head Expenses, while preparing Statement of Profit and Loss?

- (a) Other Expenses
- (b) Employee Benefit Expenses
- (c) Finance Cost
- (d) Depreciation and Amortisation

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Q25.The two basic measures of liquidity are:

- (a) Inventory Turnover and Current Ratio
- (b) Current Ratio and Liquid Ratio
- (c) Gross Profit Margin and Operating Ratio
- (d) Current Ratio and Average Collection Period

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Q26.Return on Investment of Altra Ltd. was 25%. Profits after Tax was Rs.4,20,000 and rate of tax was 30%. 10% Debentures appearing in the books were Rs.15,00,000. What will be the amount of Capital Employed?

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- (a) Rs.15,00,000
- (b) Rs.30,00,000
- (c) Rs.16,80,000
- (d) Rs.7,50,000

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Q27. In the books of Kavya Bank, Dividend Proposed for the year 2018-19 payable in 2019-2020 was Rs.50,000. There was a balance of Unclaimed Dividend appearing in the books as Rs.10,000 in Balance Sheet as at 31 March, 2020 ----- will be the outflow under ----- Activities?

- (a) Rs.40,000; Financing
- (b) Rs.60,000; Financing
- (c) Rs.10,000; Financing
- (d) Rs.40,000; Operating

1

Q28-----ratios are a measure of the speed with which various accounts are converted into revenue from operations or cash.

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Q29. Some business manipulates financial statements so as to show better financial position on the date of final accounts. This limitation of financial statement analysis is:

- (a) Unreliable comparison
- (b) Window dressing
- (c) Ignoring qualitative factors
- (d) Difficulty in forecasting

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Q30. Under which main 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?

- (a) Outstanding salary
- (b) Work-in-progress
- (c) Unpaid dividend

OR

Calculate Trade Payables Turnover Ratio from the following:

Credit Purchases Rs.3,29,000; Creditors in the beginning of the year Rs.44,000; Endorsed bill dishonoured during the year Rs.25,000; Cash and cheques paid during the year to creditors Rs.3,48,000.

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Q31. From the following Balance Sheet of Force Ltd, prepare a Common-size Balance Sheet: 4

Particulars	Note No.	31st March	
		2019 (Rs.)	2018 (Rs.)
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds:			
(a) Share Capital		2,00,000	1,50,000
(b) Reserve and surplus		1,00,000	1,25,000
2. Current Liabilities:			
(a) Trade Payables		50,000	25,000
		3,50,000	3,00,000
II. ASSETS			
1. Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets			
(ii) Intangible Assets		87,500	99,000
2. Current Assets:			
(a) Inventory		35,000	30,000
(b) Cash and Cash Equivalents		52,500	60,000
(c) Other Current Assets		42,000	36,000
		1,33,000	75,000
		3,50,000	3,00,000

OR

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From the following particulars of Sai Ltd. for the year ended on 31st March, 2018 and 2019, prepare a Comparative Statement of Profit and Loss:

Particulars	Note No.	2018-19 Rs.	2017-18 Rs.
Revenue from Operations		20,00,000	25,00,000
Employees' Benefit Expenses		5,00,000	6,00,000
Other Expenses		1,00,000	1,50,000
Tax Rate		40%	40%

Q.32 From the following Balance Sheets of Grima Industries Ltd. as on 31st March, 2019 and 31st March, 2018, prepare a 'Cash Flow Statement' as per AS (revised):

Particulars	Note No.	31st March 2019 (Rs.)	31st March 2018 (Rs.)
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds:			
(a) Share Capital		2,00,000	1,50,000
(b) Reserves and Surplus		50,000	70,000
2. Current Liabilities:			
Trade Payables		25,000	70,000
		2,75,000	2,90,000
II. ASSETS			
1. Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets		80,000	1,05,000
(ii) Intangible Assets		60,000	70,000

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2. Current Assets:			
(a) Inventory		75,000	90,000
(b) Cash and Cash Equivalents		40,000	10,000
(c) Other Current Assets	3	20,000	15,000
		<hr/>	<hr/>
		2,75,000	2,90,000
		<hr/>	<hr/>

Notes to Accounts:

Particulars	31st March, 2019 Rs.	31st March, 2018 Rs.
(1) Reserves and Surplus:		
Surplus i.e. Balance in Statement of Profit and Loss	(50,000)	(30,000)
General reserve	1,00,000	1,00,000
	<hr/>	<hr/>
	50,000	70,000
	<hr/>	<hr/>
(2) Tangible Assets:		
Machinery	90,000	1,10,000
Less: Accumulated Depreciation	(10,000)	(5,000)
	<hr/>	<hr/>
	80,000	1,05,000
	<hr/>	<hr/>
(3) Other Current Assets:		
Prepaid Insurance	20,000	15,000
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Additional Information:

- (a) A machinery costing Rs.20,000 (accumulated depreciation Rs.7,000) is sold for Rs. 10,000.
- (b) During the year, a patent was purchased for Rs. 50,000.

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