INDIAN SCHOOL AL WADI AL KABIR

First Assessment 2023-24

Accountancy (055)

Date:24/09/2023 Time:3 hours

Class: XII Maximum Marks: 80

General instructions:

1. This question paper contains 32 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Do not merge two parts.
4. While answering MCQ's write the no followed by the answer.

PART A **(Accounting for Partnership Firms)**		
Q. No.	**Questions**	**Marks**
1	In the absence of partnership deed, the following rule will apply: (a) Profit sharing in capital ratio (b) Profit based salary to working partner (c) 9% p.a. interest on drawings (d) No interest on capital	1
2	Manager is entitled to a commission of 10% of the net profits after charging such commission. The net profit for the year is ₹1,32,000. What will be the amount of manager's commission? (a) ₹ 13,200 (b) ₹ 12,000 (c) ₹ 10,000 (d) None of the above.	1
3	Kapil is a partner in a firm during the year ending March, 31, 2020, Kapil withdraw ₹ 30,000 quarterly. If interest is to be charged on drawings @ 3% per annum, calculate the amount of interest to be charged at the end of the year will be:	1

	(a) ₹ 2,250 (b) ₹ 3,600 (c) ₹ 1,800 (d) None of these	
4	Ganga and Jamuna are partners sharing profits in the ratio of 2: 1. They admit Saraswati for 1/5th share in future profits. On the date of admission, Ganga's capital was ₹1,02,000 and Jamuna's capital was ₹ 73,000. Saraswati brings ₹25,000 as her share of goodwill and she agrees to contribute proportionate capital of the new firm. How much capital will be brought by Saraswati? (a) ₹ 43,750 (b) ₹37,500 (c) ₹ 50,000 (d) ₹40,000	1
	Analyze the following statement and answer the questions 5 & 6 Ram, Shyam and Gopal and partners in a Tourist Lodging & Hotel at Raipur. Their capital contributions were ₹ 15,00,000; ₹20,00,000 and ₹ 25,00,000 respectively with the profit-sharing ratio of 3: 3: 4. As a scope to establish one more Tourist Hotel at the Bilaspur they need an investment of ₹75,00,000. It is decided by all partners that they have to further contribute in equal proportion as additional capital ₹ 25,00,000 each. Ram does not have sufficient money. Therefore, they have agreed to admit Krishna as a new partner. He will contribute ₹ 25,00,000 as a capital along with ₹15,00,000 as share of goodwill (premium of₹10,00,000 paid by Krishna privately) for 1/4th share in profit. Half of the premium for goodwill is withdrawn in cash by Ram, Shyam and Gopal. After the six months, Gopal provided loan to the firm of ₹15,00,000 for purchasing a Tourist Van.	
5	What will be the new profit-sharing ratio between Ram, Shyam, Gopal and Krishna? (a)9: 9: 12: 10 (b)4: 4: 7: 5 (c)3: 3: 6: 4 (d) 2: 2 : 8 : 4	1
6	Which of the following premium for goodwill amount is withdrawn by Ram? (a) ₹ 4,50,000 (b) ₹ 5,00,000 (c) ₹ 2,50,000 (d) ₹ 75,000	1

7	On the April, 2014 a firm had assets of ₹ 1,00,000 excluding stock of ₹20,000. Partners' capital accounts showed a balance of ₹ 60,000. The current liabilities were ₹ 10,000 and the balance constituted the reserve. If the normal rate of return is 8% & the 'Goodwill' of the firm is valued ₹60,000 at four years' purchase of super profit. Find the average profit of the firm (a) ₹ 23800 (b) ₹ 35000 (c) ₹ 28000 (d) None of these	1
8	Which goodwill is not to be accounted in the books of accounts? (a) Self-generated (b) Purchased (c) Both (d) None of these	1
9	Anubhav, Shagun and Pulkit are partners in a firm sharing profits and losses in the ratio of 2: 2: 1. On 1st April, 2021, they decided to change their profit -sharing ratio to 5: 3: 2. On that date, debit balance in Profit and Loss Account of ₹ 30,000 appeared in the balance sheet and partners decided to pass an adjustment entry for it. Which of the under mentioned options reflect correct statement for the above statement? (a)Shagun's capital account will be debited by ₹ 3,000 and Anubhav's capital account credited by ₹ 3,000 (b)Pulkit's capital account will be credited by ₹ 3,000 and Shagun's capital account will be credited by ₹ 3,000 (c)Shagun's capital account will be debited by ₹ 30,000 and Anubhav's capital account will be credited by ₹ 30,000 (d)Shagun's capital account will be debited by ₹ 3,000 and Anubhav's and Pulkit's capital account will be credited by ₹ 2,000 and ₹ 1,000 respectively	1
10	For the following questions two statements are given: One labelled as Assertion (A) and the other is labelled as Reason (R). Select the correct answer to these questions: Assertion (A): It is important to compute sacrificing and gaining ratio at the time of change in the profit-sharing ratio. Reason(R): Sacrificing partner compensates the gaining partner by paying him proportionate amount of goodwill	1

	(a)(A) is correct but (R) is wrong. (b)Both (A) and (R) are correct, but (R) is not the correct explanation of (A). (c) Both (A) and (R) are correct, and (R) is the correct explanation of (A). (d)(A) is wrong but (R) is correct.	
11	Mannan and Ramesh share profits and losses in the ratio of 3:1. The capital on 1st April 2022 was ₹ 80,000 for Mannan and ₹ 60,000 for Ramesh and their current accounts show a credit balance of ₹ 10,000 and ₹ 5,000 respectively. Calculate interest on capital at 5% p.a. for the year ending 31st March 2023 and show the journal entries.	3
12	Jay and Vijay sharing profit in 4: 1 with Capitals of ₹ 3,00,000 and ₹ 2,00,000 respectively. Interest on Capital was agreed @ 5% p.a. Vijay's annual salary was decided ₹ 25,000 during 2022-23. Profit amounted to ₹ 1,40,000. A Provision for commission to manager was to be provided @ 5% of Profits. Jay was allowed for commission on turn over @2%. Turnover for the year was ₹ 5,00,000. Prepare Profit and Loss Appropriation Account.	3
13	A, B and C are partners sharing profits in the ratio of 4: 3: 2. D is admitted for 2/ 9 share of profits and brings ₹ 5,00,000 as his capital and his share of goodwill in cash. The new ratio will be 3: 2: 2: 2. Goodwill of the firm is valued at 2 years purchase of average profits of last three years which were as follows. ₹ Year ended 31st March 20 (after abnormal loss of ₹ 60,000) 60,000 Year ended 31st March 21 2,60,000 Year ended 31st march 22 4,00,000 On 1st January 2022, a computer costing ₹ 80,000 was purchased and was wrongly debited to travelling expenses. Depreciation @ 25% p.a. Calculate the value of goodwill.	3
14	Yash and Jay share profits and losses in the ratio of 3:1. On 1st April 2022, a new partner Zen is admitted into the Partnership and it is decided that Zen shall pay ₹ 40,000 as capital and the capital of the old partners shall be adjusted on the basis of new partner’s	3

<table>
<tr><td></td><td>capital. Actual cash is to be brought in or withdrawn by the old partners, as the case may be.

Calculate the New Capital of each partner, Surplus or Deficit Capital, when the New Profit-Sharing Ratio is 5:3:2 and the Present Capital (after adjustments) of Yash and Jay is ₹85,400 and ₹39,800, respectively.</td><td></td></tr>
<tr><td>15</td><td>Mona, Nisha and Priyanka are partners in a firm. They contributed ₹50,000 each as capital three years ago. At that time, Priyanka agreed to look after the business as Mona and Nisha were busy. The profits for the past three years were ₹ 15,000, ₹25,000 and ₹ 50,000 respectively. While going through the books of accounts, Mona noticed that the profit had been distributed in the ratio of 1: 1: 2. When she enquired from Priyanka about this, Priyanka answered that since she looked after the business she should get more profit. Mona disagreed and it was decided to distribute profit equally retrospectively for the last three years.

You are required to make necessary correction in the books of accounts of Mona, Nisha and Priyanka by passing an adjustment entry.</td><td>4</td></tr>
<tr><td>16</td><td>Radha and Krishna are partners in the firm, sharing profit and loss in the ratio of 5:3. Mayur is admitted into the firm as the new partner. They decided to share the future profit and loss of the firm in the ratio of 4:2:2. Mayur brings in ₹64,800 as his share of capital and his share of goodwill in the firm in the form of the following assets: Furniture ₹24,600, Stock ₹33,600 and Machinery ₹41,600.

Pass necessary journal entry for Goodwill treatment.</td><td>4</td></tr>
<tr><td>17</td><td>X and Y are partners sharing profits in 4: 1.The Balance Sheet as on 31st March 2023 is given here under:

<table>
<tr><th>Liabilities</th><th>Amount ₹</th><th>Assets</th><th>Amount₹</th></tr>
<tr><td>Capitals</td><td></td><td>Cash</td><td>1,00,000</td></tr>
<tr><td>X 3,00,000</td><td>5,00,000</td><td></td><td></td></tr>
<tr><td>Y 2,00,000</td><td></td><td>Furniture</td><td>2,00,000</td></tr>
<tr><td>General Reserve</td><td>1,00,000</td><td>Machinery</td><td>1,00,000</td></tr>
<tr><td></td><td></td><td>Debtors</td><td>1,50,000</td></tr>
</table></td><td>6</td></tr>
</table>

Creditors	20,000	Stock	70,000
	6,20,000		6,20,000

They decided to change their ratio to 3:2.
Additional Information on date of change is as follows:

(i) Goodwill of the firm is valued at ₹2,00,000
(ii) Stock was undervalued by ₹10,000
(iii) Depreciate Machinery @ 10%
(iv) Debtors of ₹ 10,000 proved bad.
(iv) Capitals of X and Y are to be adjusted in their New Ratio by opening current accounts.

Prepare necessary Accounts and show the workings.

18 L, M and N were partners in a firm sharing profits in the ratio of 3: 2: 1. Their balance sheet as at 31st March, 2023 was as follow: 6

Balance sheet of L, M and N
as at 31st March, 2023

Liabilities	₹	Assets	₹
Creditors	1,68,000	Bank	34,000
General Reserve	42000	Debtors	46,000
		Stock	2,20,000
Capital A/cs L 1,20,000 M 80,000 N 40,000	2,40,000	Investments	60,000
		Furniture	20,000
		Machinery	70,000
	4,50,000		4,50,000

On the above date, O was admitted as a new partner and it was decided that:
(i) New profit-sharing ratio between, L, M, N and O will be 2: 2: 1: 1.
(ii)Goodwill of the firm was valued at₹ 1,80,000 and O brought his share of goodwill premium in cash.

	(iii)The market value of investments was ₹ 36,000. (iv)Machinery will be reduced to ₹58,000. (v)A creditor of ₹ 6,000 was not likely to claim the amount and hence was to be written off. (vi)O will bring proportionate capital so as to give him 1/6th share in the profits of the firm. Prepare revaluation account and partners' capital accounts.	
	PART B **(Analysis of Financial Statements)**	
19	Which of the following is not a limitation of financial statements analysis? (a)It is affected by personal bias. (b)Inter-firm comparative study possible. (c)Lack of qualitative analysis. (d)Ignores price level changes.	1
20	For financial statement analysis, the creditors are interested to know (a)Liquidity (b)Profit (c)Efficiency (d)Share capital	1
21	Operating cost – Operating Expenses =? (a)Net Profit (b)Operating Profit (c)Cost of Revenue from Operations (d)Gross Profit	1
22	For the following questions, two statements are given: One labelled Assertion (A) and the other labelled Reason (R). Select the correct answer to these questions. Assertion (A): A low current ratio endangers the business and puts it at risk of facing a situation where it will not be able to pay its short-term debt on time Reason (R): Current Ratio = Current Assets (Excluding Inventory and Prepaid Expenses)/Current Liabilities (a)(A) is correct but (R) is wrong.	1

	(b)Both (A) and (R) are correct, but (R) is not the correct explanation of (A). (c) Both (A) and (R) are incorrect. (d)Both (A) and (R) are correct, and (R) is the correct explanation of (A). (e) (A) is wrong but (R) is correct.	
23	Balance Sheet (Extract) Equity and Liabilities 31-03-19 31.03.2020 12% Debentures 2,00,000 1,60,0000 Additional Information: Interest on debentures is paid on half yearly basis on 30th September and 31st March each year. Debentures were redeemed on 30th September, 2019. How much amount (related to above information) will be shown in financing activity of cash flow statement prepared on 31st March. 2020? (a)Outflow ₹40,000 (b)Inflow ₹ 42,600 (c)Outflow ₹ 61,600 (d)Outflow ₹ 64,000	1
24	Under which activity will increase in the value of goodwill be recorded? (a)Operating (b)Financing (c)Cash Equivalents (d)Investing	1
25	Calculate 'Liquid Ratio' from the following information: Current liabilities = ₹ 50,000 Current assets =₹ 80,000 Inventories = ₹20,000 Advance tax = ₹5,000 Prepaid expenses = ₹5,000	3
26	From the following information, calculate inventory turnover ratio: Inventory in the beginning = ₹18,000 Inventory at the end = ₹22,000 Net purchases = ₹46,000	3

	Wages = ₹14,000 Revenue from operations = ₹80,000 Carriage inwards =₹ 4,000	
27	From the following calculate Interest coverage ratio & Return on capital employed: Net Profit after Tax ₹12,00,000; 10% debentures ₹ 30,00,000; 10% Public deposits ₹ 20,00,000, Shareholders fund ₹ 50,00,000 Tax Rate 40%	4
28	Prepare common size income statement. <table><tr><td>Particulars</td><td>2023 Amount₹</td></tr><tr><td>Revenue from operations</td><td>5,00,000</td></tr><tr><td>Other Income</td><td>6000</td></tr><tr><td>Purchase of Stock in Trade</td><td>2,50,000</td></tr><tr><td>Changes in Inventory</td><td>34,000</td></tr><tr><td>Employee Benefit Expenses</td><td>49,000</td></tr><tr><td>Other Expenses</td><td>45,000</td></tr></table>	4
29	a. State 2 objectives of Financial Statement Analysis. b. Under which major heads and sub-heads will the following items be placed in the Balance Sheet of the company as per Schedule III, part I of the Companies Act 2013? 1. Debentures with maturity period in current financial year 2. Provident fund	4
30	Calculate Cash Flows from Financing activity: <table><tr><td>**Particulars**</td><td>**31st March, 2023**</td><td>**31st March, 2022**</td></tr><tr><td>Equity Share Capital</td><td>6,00,000</td><td>4,00,000</td></tr><tr><td>Preference Share Capital</td><td>4,00,000</td><td>5,00,000</td></tr><tr><td>Securities Premium Reserve</td><td>2,00,000</td><td>1,00,000</td></tr><tr><td>12% Debentures</td><td>4,00,000</td><td>2,00,000</td></tr></table> Additional Information: 1. Interim dividend on Equity Shares was paid @ 10%. 2. Proposed dividend for the year ended 31/03/23 was ₹ 80,000 and 31/03/22 ₹ 60,000 3. 12% Debentures of face value ₹ 2,00,000 were issued on 1/4/2022.	4

<table>
<tr><td>31</td><td>Global Ltd has the following balances.

| | 1st April 2022 | 31st March, 2023 |
Machine ₹ 8,60,000 ₹ 9, 50,000
Trademarks ₹ 60,000 ₹ 80,000

Additional information:
Depreciation for the year was ₹ 40,000. In the beginning of the year, an item of machinery was sold for ₹25,000 which had a book value of ₹ 20,000.

Calculate Cash Flow from Investing Activities.</td><td>4</td></tr>
<tr><td>32</td><td>Grand Hospitality Ltd. Reported Net Profit after Tax of Rs 3,40,000 for the year ended 31st March, 2023. Following is the extract from Balance Sheet as at 31st March, 2023 and 31st March,2022
<table><tr><td>Particulars</td><td>31st March 2023
₹</td><td>31st March 2022
₹</td></tr><tr><td>Inventories</td><td>69,000</td><td>72,000</td></tr><tr><td>Trade Receivables</td><td>94,000</td><td>61,000</td></tr><tr><td>Prepaid Expenses</td><td>14000</td><td>3000</td></tr><tr><td>Trade Payables</td><td>82000</td><td>78000</td></tr><tr><td>Provision for Tax</td><td>13000</td><td>19000</td></tr></table>Depreciation charged on plant and machinery ₹ 49,000, Insurance claim received on loss due to earthquake was ₹ 20,000, Dividend paid during the year was ₹ 40,000, Loss due to earth quake was ₹ 60,000 and gain on sale of investments of ₹ 8000 appeared in the statement of Profit and Loss for the year ended 31st March, 2023.

Calculate Cash Flow from Operating Activities.</td><td>6</td></tr>
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