

LIONS SCHOOL, MIRZAPUR
PRE-BOARD EXAMINATIONS 2021-22
TERM - 1

Class : XII

Duration : 90 Mins.

Subject : Accountancy

M.M. : 40

General instruction -

Read the following instructions very care fully and strictly follow them:

1. This question paper comprises two parts I and II. There are 55 questions in the questions paper.
2. Part - I Accounting for Partnership and Issue of Share Capital and Part - II Analysis of Financial Statement are compulsory for all.
3. There is an internal choice provided in each sections.
 - a. 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 have to attempt any 15 questions each in both the sections.
 - b. Part - I, Section C has questions from 37 to 41. You have to attempt any four questions.
 - c. Part II, contains two sections - A and B. Section A has questions from 42 to 48, you have to attempt any five questions and Section B has questions from 49 to 55, you have to attempt any six questions.
4. All questions carry equal marks. There is no negative marking.
5. 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.

1. Features of Partnership are:
 - a. Two or more persons are carrying common business under an agreement.
 - b. They are sharing profits and losses in the fixed ratio.
 - c. Business is carried by all or any of them acting for all as an agent.
 - d. All of the above
2. X, Y and Z are partners sharing profits and losses equally. Their capital balances on March, 31, 2012 are Rs. 80,000, Rs. 60,000 and Rs. 40,000 respectively. Their personal assets are worth as follows : X - Rs. 20,000, Y - Rs. 15,000 and Z - Rs. 10,000. The extent of their liability in the firm would be :
 - a. X - Rs. 80,000; Y - Rs. 60,000; Z - Rs. 40,000
 - b. X - Rs. 20,000; Y - Rs. 15,000; Z - Rs. 10,000
 - c. X - Rs. 1,00,000; Y - Rs. 75,000; Z - Rs. 50,000
 - d. Equal

3. A, B and C are partners in the ratio of 5:3:2. Before B's Salary of Rs. 17,000 firm's profit is Rs. 97,000. How much in total B will receive from the firm?
- Rs. 17,000
 - Rs. 40,000
 - Rs. 24,000
 - Rs. 41,000
4. The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called :
- Surplus
 - Super Profit
 - Reserve
 - Goodwill
5. Total Capital employed in the firm is Rs. 8,00,000, reasonable rate of return is 15% and Profit for the year is Rs. 12,00,000. The value of goodwill of the firm as per capitalization method would be :
- Rs. 82,00,000
 - Rs. 12,00,000
 - Rs. 72,00,000
 - Rs. 42,00,000
6. Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of a new agreement is called
- Revaluation of partnership
 - Reconstitution of partnership
 - Realization of partnership
 - None of the above
7. X and Y shared profits and losses in the ratio of 3:2. With effect from 1st April, 2020, they agreed to share profits equally. Goodwill of the firm was valued at Rs. 60,000. The adjustment entry will be :
- | | | | |
|--------------------|----|-------|-------|
| Y's Capital A/c | Dr | 6,000 | |
| To X's Capital A.c | | | 6,000 |
 - | | | | |
|--------------------|----|-------|-------|
| X's Capital A/c | Dr | 6,000 | |
| To Y's Capital A.c | | | 6,000 |
 - | | | | |
|--------------------|----|-----|-----|
| X's Capital A/c | Dr | 600 | |
| To Y's Capital A.c | | | 600 |
 - | | | | |
|--------------------|----|-----|-----|
| Y's Capital A/c | Dr | 600 | |
| To X's Capital A.c | | | 600 |
8. Sacrificing ratio is used to distribute in case of admission of a partner.
- Reserves
 - Goodwill
 - Revaluation A/c
 - Balance of Profit and Loss A/c
9. Sun and Star were partners in a firm sharing profits in the ratio of 2:1. Moon was admitted as a new partner in the firm. New profit sharing ratio was 3:3:2. Moon brought the following assets towards his share of goodwill and his capital :

Machinery Rs. 2,00,000

Furniture Rs. 1,20,000

Stock Rs. 80,000

Cash Rs. 50,000

If his capital is considered as Rs. 3,80,000, the goodwill of the firm will be :

- a. Rs. 70,000
- b. Rs. 2,80,000
- c. Rs. 4,50,000
- d. Rs. 1,40,000

10. In case of admission of a partner, the entry for unrecorded investment will be :

- a. Partners' Capital A/c Dr
 To Investment A/c
- b. Revaluation A/c Dr
 To Investment A/c
- c. Investment A/c Dr
 To Revaluation A/c
- d. None of the above

11. On the admission of a new partner :

- a. Old firm is dissolved
- b. Old partnership is dissolved
- c. Both old partnership and firm is dissolved
- d. Neither partnership nor firm is dissolved

12. Prorata allotment of shares is made when there is :

- a. Under Subscription
- b. Over Subscription
- c. Equal Subscription
- d. As and when desired by directors

13. The share on which there is no any pre fixed rate of dividend is decided, but the rate of dividend is fluctuating every year according to the availability of profits, such share are called :

- a. Equity Share
- b. Non cumulative Preference share
- c. Convertible Preference share
- d. Non Convertible Preference Share

14. Reserve capital is :

- a. Subscribe Capital
- b. Capital Reserve
- c. Uncalled Capital
- d. Part of the uncalled capital which may be called only at the time of liquidation of the company.

15. Maximum Limit of Premium on shares is :

- a. 5%
- b. 10%

- c. No limit
 - d. 100 %
16. A Company issued 50,000 shares of Rs. 20 each at 5% premium. Rs. 10 were payable on application and balance on allotment. What will be the allotment amount?
- a. Rs. 5,00,000
 - b. Rs. 4,75,000
 - c. Rs. 5,50,000
 - d. Rs. 5,25,000
17. From Which account, expenses on issue of shares will be written off first of all:
- a. Statement of Profit and Loss
 - b. Miscellaneous Expenditure Account
 - c. Share Issue Expenses Account
 - d. Securities Premium Reserve Account
18. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application was Rs. 2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F will be :
- a. 60 shares; Rs. 120
 - b. 340 shares; Rs. 160
 - c. 320 shares; Rs. 200
 - d. 300 shares; Rs. 240

Part - I

Section - B

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

19. X, Y and Z are partners in a firm. At the time of division of profit for the year, there was dispute between the partners. Profit before interest on partner's capital was Rs. 6,000 and Y determined interest @ 24% p.a. on his loan of Rs. 80,000. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.
- a. Rs. 2,000 to each partner
 - b. Loss of Rs. 4,400 for X and Z; Y will take Rs. 14,800
 - c. Rs. 400 for X, Rs. 5,200 for Y and Rs. 400 for Z
 - d. None of the above

20. A, B and C are partners in a firm without any agreement. They have contributed Rs. 50,000, Rs. 30,000 and Rs. 20,000 by way of capital in the firm. A was unable to work for six months in a year due to illness. At the end of the year, firm earned a profit of Rs. 15,000. A's share in the profit will be :
- Rs. 7,500
 - Rs. 3,750
 - Rs. 5,000
 - Rs. 2,500
21. Seeta and Geeta are partners sharing profits and losses in the ratio 4:1. Meeta was manager who received a salary of Rs. 4,000 p.m. in addition to a commission of 5% on net profits after charging such commission. Profit for the year is Rs. 6,78,000 before charging salary. Find the total remuneration of Meeta.
- Rs. 78,000
 - Rs. 88,000
 - Rs. 87,000
 - Rs. 76,000
22. For the firm interest on capital is :
- Capital payment
 - Capital Receipt
 - Loss
 - Income
23. Following question consist of two statement, one is Assertion and the other is Reason. Choose the best option.
- Assertion (A) : Increase in the value of asset is debited to revaluation account
Reason (R) : Revaluation A/c is credited on increase in value of plant and machinery
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Assertion(A) is true but Reason(R) is false
 - Assertion (A) is false but Reason (R) is true.
24. X, Y and Z are partners sharing profits and losses in the ratio 5:3:2. They decide to share the future profits in the ratio 3:2:1. Workmen compensation reserve appearing in the balance sheet on the date if no information is available for the same will be :
- Distributed to the partners in old profit sharing ratio
 - Distributed to the partners in new profit sharing ratio
 - Distributed to the partners in capital ratio
 - Carried forward to new balance sheet without any adjustment
25. Milan, Khilan and Silam were partners sharing profits in the ratio of 2:2:1. They decided to share future profits in the ratio of 7:5:3 with effect from 1st April, 2019. After the revaluation of assets and reassessment of liabilities, revaluation account showed a loss of Rs. 15,000. The amount to be debited in the capital account of Milan because of loss on revaluation will be :

- a. Rs. 15,000
 - b. Rs. 6,000
 - c. Rs. 7,000
 - d. Rs. 5,000
26. Revaluation Account and Profit and Loss Account is a :
- a. Real Account
 - b. Personal Account
 - c. Nominal Account
 - d. Asset Account
27. Hill and Rock were partners in a firm. Their Balance Sheet showed Furniture at Rs. 2,00,000; Stock at Rs. 1,40,000; Debtors at Rs. 1,62,000 and Creditors at Rs. 60,000. Mountain was admitted and new profit sharing ratio was agreed at 2:3:5. Stock was revaluated at Rs. 1,00,000, Creditors of Rs. 15,000 are not likely to be claimed, Debtors for Rs. 2,000 have become irrecoverable and Provision for doubtful debts to be provided @ 10%. Hill's share in loss on revaluation amounted to Rs. 30,000. Revalued value of furniture will be :
- a. Rs. 2,17,000
 - b. Rs. 1,03,000
 - c. Rs. 3,03,000
 - d. Rs. 1,83,000
28. It is necessary to prepare Revaluation of assets and liabilities at the time of reconstitution because their present value may be different
- a. Market Value
 - b. Net Value
 - c. Cost of Assets
 - d. Book Value
29. Following question consist of two statement, one is Assertion and the other is Reason. Choose the best option.
- Assertion (A) : Interest on loan and rent paid to partner are recorded in profit and loss account.
- Reason (R) : Interest on loan and interest paid to partner are charge against profit.
- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - c. Assertion(A) is true but Reason(R) is false
 - d. Assertion (A) is false but Reason (R) is true.
30. A company offered 50,000 shares of Rs. 10 each at par payable as to Rs. 3 on applications, Rs. 5 on allotment and the balance on final call. Application were received for 60,000 shares and the allotment was made pro-rata. The excess application money was to be adjusted on allotment and call. How much amount will be transferred from Share Application A/c to Share Allotment A/c?
- a. Rs. 1,80,000

- b. Rs. 30,000
 - c. Rs. 1,50,000
 - d. Rs. 50,000
31. A Building was purchased for Rs. 9,00,000 and payment was made in Rs. 100 shares at 20% premium. Securities Premium Reserve A/c will be
- a. Debited by Rs. 1,50,000
 - b. Credited by Rs. 1,50,000
 - c. Debited by Rs. 1,80,000
 - d. Credited by Rs. 1,80,000
32. At the time of forfeiture of share the share capital account is debited with :
- a. Face value
 - b. Called up value
 - c. Paid up value
 - d. Issued value
33. If the Premium on the forfeited shares has already been received, then Securities Premium A/c should be :
- a. Credited
 - b. Debited
 - c. No treatment
 - d. None of these
34. Following question consist of two statement, one is Assertion and the other is Reason. Choose the best option.
- Assertion (A) : If a company does not receive the amount called by it on shares, it can forfeit the shares, if authorized by Articles of Association
- Reason (R) : Forfeited shares can be reissued by the company on the terms as decided by it.
- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - c. Assertion(A) is true but Reason(R) is false
 - d. Assertion (A) is false but Reason (R) is true.

35. A company purchased a building for Rs. 3,60,000 and issued as payment equity shares at 20% premium. Journal Entry will be :

a. Building A/c	Dr	4,00,000	
	To Share Capital A/c		3,20,000
	To Security Premium Reserve A/c		80,000
b. Share Capital A/c	Dr	4,00,000	
	To Building A/c		3,60,000
	To Security Premium Reserve A/c		40,000
c. Building A/c	Dr	3,60,000	
	To share Capital A/c		3,00,000
	To Security Premium Reserve A/c		60,000
d. Building A/c	Dr	3,60,000	
	To share Capital A/c		60,000
	To Security Premium Reserve A/c		3,00,000

36. B Ltd. forfeited 300 shares of Rs. 100 each, Rs. 70 called up, for non-payment of first call of Rs. 20 per share. Out of these, 200 shares were reissued for Rs. 60 per share as Rs. 70 paid up. What is the amount to be transferred to Capital Reserve Account?

- Rs. 13,000
- Rs. 8,000
- Rs. 2,000
- Rs. 7,000

Part - I

Section - C

Instructions :

From Question number 37 to 41, attempt any four questions.

Question nos. 37 and 38 are based on the hypothetical situation given below.

Radhey Ltd. was incorporated on 1st April, 2020 with a nominal capital of Rs. 3,00,000 divided into 6,000 equity shares of Rs. 50 each. It purchased assets worth Rs. 1,00,000 from M/s Zen Ltd. In consultation with the vendors, it issued 2,000 shares as fully paid-up to vendor for purchase consideration.

Also, the company offered 2,000 shares for public for subscription of a premium of Rs. 5 per share payable as Rs. 15 on application, Rs. 15(including premium) on allotment, Rs. 10 on first call and Rs. 15 on final call. Application were received for 1,950 shares which were duly allotted.

Till date final call has not yet been made and all the shareholders have paid except Raju who did not pay his first call money on 200 shares. Shares of Raju were forfeited. These shares were reissued @ Rs. 35 share paidup.

Based on the above information you are required to answer the following questions.

37. On forfeiture the amount debited to share capital account will be :

- a. Rs. 5,000
- b. Rs. 2,000
- c. Rs. 7,000
- d. Rs. 4,000

38. Amount transferred to capital reserve will be :

- a. Rs. 5,000
- b. Rs. 7,000
- c. Rs. 2,000
- d. Rs. 3,000

Question nos. 39, 40 and 41 are based on the hypothetical situation given below.

Casio enterprises is a partnership business with Zen, Ben and Ken as partners engaged in production and sales of electrical items and equipment.

Their capital contribution were Rs. 25,00,000, Rs. 25,00,000 and Rs. 40,00,000 respectively with the profit the sharing ratio of 5:5:8. As they are now looking forward to expanding their business, it was decided that they would bring in sufficient cash to double their respective capital.

This was duly followed by Zen and Ben, but due to unavoidable reasons Ken could not do so and ultimately it was agreed that to bridge the shortfall in the required capital a new partner should be admitted who would bring in the amount that Ken could not bring and that the new partner would get share of profits equal to half of Ken's share which would be sacrificed by Ken only.

Consequent to this agreement Ren was admitted and he brought in the required capital and Rs. 15,00,000 as premium for goodwill.

Based on the above information you are required to answer the following questions:

39. What is the amount of capital brought in by the new partner Ren?

- a. Rs. 25,00,000
- b. Rs. 40,00,000
- c. Rs. 20,00,000
- d. Rs. 15,00,000

40. What is the value of the goodwill of the firm?

- a. Rs. 67,50,000
- b. Rs. 15,00,000
- c. Rs. 75,00,000
- d. Cannot be determined from the given data

41. What will be correct journal entry for distribution of premium for goodwill brought in by Ren?

- | | | | |
|-----------------------------|----|-----------|-----------|
| a. Ren's Capital A/c | Dr | 15,00,000 | |
| To Ken's Capital A/c | | | 15,00,000 |
| b. Premium for Goodwill A/c | Dr | 15,00,000 | |
| To Ken's Capital A/c | | | 15,00,000 |
| c. Premium for Goodwill A/c | Dr | 15,00,000 | |
| To Zen's Capital A/c | | | 4,16,666 |
| To Ben's Capital A/c | | | 4,16,666 |
| To Ren's Capital A/c | | | 6,66,668 |
| d. Premium for Goodwill A/c | Dr | 15,00,000 | |
| To Zen's Capital A/c | | | 5,00,000 |
| To Ben's Capital A/c | | | 5,00,000 |

Part - II

Section - A

Instructions :

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

42. Which of the following items is shown under the head 'Current Assets' while preparing the Balance Sheet of a company?
- Trade Investment
 - Underwriting Commission
 - Inventories
 - Livestock
43. Ratio Analysis under financial analysis is significant as it :
- Ignores qualitative factors
 - Helps in window dressing
 - Does not requires any standards
 - Helps in locating weak point of the firm
44. Which of the following are included in traditional classification of ratios?
- Liquidity Ratios
 - Statement of Profit and Loss Ratios
 - Balance sheet Ratios
 - Profitability Ratios
 - Composite Ratios
 - Solvency Ratios
- (ii), (iii) and (v)
 - (i), (iv) and (v)
 - (i), (ii) and (vi)
 - All
45. Which one of the following is correct?
- A ratio is an arithmetical relationship of one number to another number.
 - Liquid ratio is also known as acid test ratio
 - Ideally accepted current ratio is 1:1.
 - Debt Equity Ratio is the relationship between outsider's fund and shareholders' fund.
- All are correct
 - Only (i), (ii) and (iv) are correct
 - Only (ii), (iii) and (iv) are correct
 - Only (ii) and (iv) are correct

46. A company Current ratio is 2:1. After cash payment to some of its creditors, current ratio will :
- Decrease
 - Increase
 - As before
 - None of these
47. Proprietary Ratio indicates the relationship between Proprietor's fund and
- Long term debt
 - Short Term and Long Term Debt
 - Total Assets
 - Debenture
48. Following question consist of two statement, one is Assertion and the other is Reason. Choose the best option.
- Assertion (A) : Proprietary Ratio establishes relationship between proprietors fund and total assets
- Reason (R) : The objective of calculating proprietary ratio is to measure proportion of fixed assets financed by shareholders' fund
- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Assertion(A) is true but Reason(R) is false
 - Assertion (A) is false but Reason (R) is true.

Part - II
Section - B

Instruction :

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

49. If total sale is Rs. 5,00,000 and Credit sale is 25% of cash sales. The amount of credit sale is :
- Rs. 1,00,000
 - Rs. 5,00,000
 - Rs. 16,000
 - Rs. 3,00,000
50. Which of the following statements are false?
- When all the comparative figures in a balance sheet are stated as percentage of the total, it is termed as horizontal analysis
 - When financial statements of several years are analysed, it is termed as vertical analysis
 - Vertical Analysis is also termed as time series analysis
- Both (i) and (ii)
 - Both (i) and (iii)
 - Both (ii) and (iii)
 - All three

51. Revenue from operation Rs. 2,00,000; inventory turnover ratio 5; Gross Profit 25%. Find out the value of closing Inventory, if Closing Inventory is Rs. 8,000 more than the opening Inventory.
- a. Rs. 38,000
 - b. Rs. 22,000
 - c. Rs. 34,000
 - d. Rs. 26,000
52. If the inventory turnover ratio is divided into 365, it becomes a measure of
- a. Sales efficiency
 - b. Average Age of Inventory
 - c. Sales Turnover
 - d. Average Collection Period
53. Credit Revenue from operation Rs. 6,00,000; Cash revenue from operations Rs. 1,50,000; Debtors Rs.1,00,000; B/R Rs. 50,000. Average Collection Period will be:
- a. 2 Months
 - b. 2.4 Months
 - c. 3 Months
 - d. 1.6 Months
54. Revenue from operations is Rs. 1, 80,000; Rate of Gross Profit is 25% on cost. What will be the Gross Profit?
- a. Rs. 45,000
 - b. Rs. 36,000
 - c. Rs. 40,000
 - d. Rs. 60,000

55. Following question consist of two statement, one is Assertion and the other is Reason. Choose the best option.

Assertion (A) : Increasing the value of closing inventory increases profit.

Reason (R) : Increasing the value of closing inventory reduces cost of goods sold.

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- c. Only Reason (R) is correct.
- d. Both Assertion (A) and Reason (R) are wrong.