

Sample Paper – 2014
Class – XII
Subject – Accountancy

Time : 3Hours

Maximum Marks : 80

Roll No.

Code 55A

General instructions :-

- i. All questions are compulsory.
- ii. Working notes must be part of your answer (where require).
- iii. Avoid overwriting and cutting.
- iv. Write your roll no. on the question paper.
- v. Don't leave blank page/pages in your answer-book .
- vi. (*) Before a question is an indication of inclusion of value based question.

Part – A

1. Mr. A, partner of a firm was allowed a commission of 6% on the Net Profit earned by firm after charging his commission . Profit earned by the firm were Rs.2,65,000. Calculate A's commission. **1**
2. Which method for valuation of Goodwill would you recommend to the partners of a partnership firm for high valuation of goodwill:-
(i) 5 years' purchase of super profit (ii) Capitalisation of super profit if normal rate is 25% **1**
3. What will be accounting treatment of Advertisement Suspense A/c : Rs.15,000 on retirement of Arnav in the partnership firm of Arnav and Karnav. **1**
4. X and Z were partner sharing profit and losses in 5 : 3 ratio . They admit Y for $\frac{2}{10}$ th share in profits and losses. Calculate New profit sharing ratio of X, Z and Y. **1**
5. Write one difference between over subscription and under subscription of shares. **1**
6. Calculate interest on calls in advance of Rs.20,000 for four months as per table A. **1**
7. State any one case when creation of Debenture Redemption Reserve is not required. **1**
8. **The net profit** of a firm for the year ended 31st December, 2012 has been duly distributed between its partners A and B in their agreed ratio 3 : 2 respectively. It was discovered on 10th Jan. 2013 that the under mentioned transactions were not recorded before distribution of Profits:

- (i) Interest on A's Capital – Rs.6,000 and interest on B's Capital – Rs.4,000.
- (ii) Interest on drawings @12% p.a. and drawings of A were Rs.2,000 in each month during the year.
- (iii) Outstanding Commission of C (Manager) Rs.5,000

Pass an adjustment entry to rectify the above errors. **3**

9. Give Journal entries in each of the following cases if the face value of a Debenture is Rs.100 : **3**

- (i) When Debentures are issued at a premium of 25% to the vendors for machinery purchased for Rs. 6,25,000.
- (ii) When 500 Debentures are issued at a premium of 10% and redeemable at a premium of 5%.
- (iii) When Rs.20,000 Debentures are issued for Rs.19,000 and redeemable at a premium of 6%.

10. **Sushanta Ltd.** had Rs.20,00,000, 11% Debentures due to be redeemed out of profits on 31st March 2013 at a premium of 8%. Debenture Redemption Reserve A/c already credited by Rs.11,50,000. Pass necessary journal entries at the time of redemption. **3**

11. Ekta and Priya are partners, sharing profits and losses in the proportion of 7 : 5. They agree to admit Saloni as a new partner. Saloni acquires 1/24th from Ekta and 1/8th from Priya. She brings Rs. 4,00,000 for her share in the firm and 25% of the amount is for premium for goodwill. Profit earn by the newly constituted partnership for first year ended 31st March 2013 are Rs. 1,20,000.

You are required to give journal entries to carry out the above arrangement. **4**

12. * X presents the following Profit and Loss Appropriation Account to his partner Y :

Dr. Profit and Loss Appropriation Account Cr.

Particulars	Rs.	Particulars	Rs.
To Salary to X	24,000	By Profit & Loss A/c (profit for the year)	92,200
To Salary to Y	13,000	By Int. on Drawings X Rs. 500 Y <u>Rs. 500</u>	1,000
To Int. on Capital @ 6%p.a. X on Rs.2,00,000 - 12,000 Y on Rs.50,000 - <u>3,000</u>	15,000		
To Int. on X's Loan @12 p.a.	1,200		
To Capital/Current A/cs (Profit transferred) X 30,000 Y <u>10,000</u>	40,000		
	<u>93,200</u>		<u>93,200</u>

There is no partnership deed between X and Y. Y comes to know that X has also concealed a trade resulting in profit of Rs.60,000 Y feels that he has not been treated fairly.

(i) You are required to prepare a new Profit & Loss Appropriation Account according to the provisions of Partnership Act.

(ii) *State any **two values** violated by X. **4 + 2 = 6**

13. **Yio Ltd.** forfeited 800 shares of Rs.10 each(Rs.6 called-up) issued at a discount of 10% to Ram on which he has paid Rs.3 per share. Out of these 600 shares were re-issued to Z as Rs.8 paid up for 6 per share.

(i) Give journal entries for forfeiture and re-issue of shares. **3**

(ii) What is the minimum amount at which remaining 200 shares can be reissued as fully paid up. **1**

14. *Satvik Ltd. issued 70,000 shares of Rs.10 each at a premium of Rs.3 per share payable as Rs.3 on Application, Rs.5 (Including premium) on allotment and the balance on first and final call. Applications were received for 1,05,000 shares. The Directors resolved to allot as follows :

(A) Applicants of 60,000 shares Allotted 40,000 shares (**Fraction gross up**)

(B) Applicants of 40,000 shares Allotted 30,000 shares

(C) Applicants of 5,000 shares Nil

Arpit who had applied for 1,000 shares in category A failed to pay allotment money and Pulkit who was allotted 600 shares in category B pay the call money also at the time of allotment.

You are required :

i. *Which **value has been affected** by rejecting the applicants who applied for 5,000 shares. **1**

ii. Calculate the amount received on allotment. **3**

15. A, B and C were partners in a firm sharing profits in the ratio of 4 : 3 : 3. On 1-04-2013 they decided to dissolve the firm. On that date A's capital was Rs.1,25,000, B's capital was Rs.45,000 and C's capital was Rs.15,000(Dr.). The creditors amounted to Rs.23,150 and cash in hand was Rs.3,920. The assets realised Rs.144,910 and the expenses of dissolution were Rs.1,860.

Prepare Realisation Account and show your workings clearly. **4**

16. **P and Q** are in partnership sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31st March, 2012 was as under:

Liabilities	Rs.	Assets	
Creditors	1,50,000	Cash	50,000

General Reserve	1,20,000	Debtors Rs.2,00,000 Less: Provision Rs. 8,000	1,92,000
P's Capital Account	6,00,000	Patents	1,48,000
Q's Capital Account	3 00,000	Investments	80,000
P's Current Account	1,00,000	Fixed Assets	7,20,000
Q' Current Account	20,000	Goodwill	1,00,000
	<u>12,90,000</u>		<u>12,90,000</u>

They admit R on the following terms :

- Additional provision of 1% on debtors is to be created.
- Accrued Income of Rs.15,000 does not appear in the books and Rs.50,000 are outstanding for salaries.
- Present market value of investments is Rs.60,000. P takes over the Investments at this value.
- New profit sharing ratio of partners will be 4 : 3 : 2. R will bring in Rs.2,00,000 as his capital.
- R is to pay in cash an amount equal to his share in Firm's Goodwill valued at twice the average profits of the last 3 years which were Rs.3,00,000; Rs.2,60,000 and Rs.2,50,000 respectively.
- Half the amount of goodwill is withdrawn by old partners.

You are required to prepare Revaluation Account, Partners' Capital Accounts & Current Accounts. 6

- 17. Adhaar Ltd.** invited applications for issuing 50,000 equity shares of Rs.10 each at a premium of 20%. The amount was payable as follows :

On Application Rs.3 per share, on allotment Rs.5 per share and balance on 1st and final call.

Applications were received for 75,000 shares and pro-rata allotment was made as follows :

Applicants for 40,000 shares were allotted 30,000 shares on pro-rata basis.

Applicants for 35,000 shares were allotted 20,000 shares on pro-rata basis.

Ravi to whom 1,200 shares were allotted out of the group applying for 40,000 shares failed to pay the allotment money. His shares were forfeited immediately after allotment.

Shashi, who had applied for 700 shares out of the group applying for 35,000 shares failed to pay the 1st and final call. His shares were also forfeited. All the forfeited shares were reissued for Rs.40,000.

Pass necessary journal entries to record the above transactions.

8

OR

X Ltd. with a nominal capital of Rs.50,00,000 divided into equity shares of Rs10 each, issued 2,00,000 equity shares at a premium of 20%. Amount was payable Rs.3 on application, Rs.5(including premium) on allotment and balance on 1st and Final call after 3 months of allotment. All the shares were applied for and money due on allotment was duly received except one shareholder of 2,000 shares who failed

to pay the allotment money, while another shareholder who held 3,000 shares paid for the first and final call also. 1st and Final call was not made.

Pass the necessary Journal entries in the company's books to record the above transactions upto allotment of shares and show the company's Balance Sheet also. 8

18. A, B and C were equal partners. Their Assets and Liabilities as on 31st March, 2012 were as under :

Capital & Liabilities : A's Capital – Rs.60,000; B's Capital – Rs.40,000; C's Capital – Rs.32,000
B/P - Rs.20,000; Creditors – Rs.40,000 and Profit & Loss A/c – Rs.36,000
Reserve for bad and doubtful debts – Rs.5,000

Assets : Land & Building – Rs.1,20,000; Furniture – Rs.28,000; Stock – Rs.20,000;
Debtors 45,000 and Bank balance – Rs.20,000

B retired on 1st April, 2012. A and C decided to continue the business sharing profits in the ratio of 3 : 2. Following terms were agreed :

- (a) Goodwill of the firm was valued at Rs.57,600.
- (b) Reserve for bad and doubtful debts to be maintained at 10 % on Debtors.
- (c) Land and Building to be increased by Rs.12,000.
- (d) Furniture to be reduced to Rs.20,000.
- (e) Rent outstanding (not provided for as yet) was Rs.1,500.

Remaining partners decided to bring sufficient cash in the business to pay off B and to maintain a bank Balance of Rs.14,800. They also decided to readjust their capitals as per their new profit sharing ratio. Prepare necessary Ledger Accounts and Balance Sheet of new firm. 8

OR

The Balance Sheet of X, Y and Z who are partners in a firm sharing profits according to their capitals as on 31st March, 2012 was as under :

Liabilities : Creditors – Rs.21,000; Provision for bad debts- Rs.1,000 ; General Reserve - Rs.20,000;
X's Capital – Rs.80,000 ; Y's Capital – Rs.40,000 and Z's Capital – Rs.40,000

Assets : Buildings – Rs.1,00,000; Machinery - Rs.50,000; Stock – Rs.18,000 ;
Debtors – Rs.20,000 and Cash at Bank – Rs.14,000

On that date Y died and his balance is to be transferred to his executor's Loan A/c subject to the following :

- (a) Building to be appreciated by 20%.
- (b) Provision for Bad Debts to be increased to 15% on Debtors.
- (c) Machinery is overvalued by 25%.
- (d) Goodwill of the firm is valued at Rs.72,000 and the deceased partner's share is adjusted through the Capital Accounts of remaining partners.
- (e) The Capital of the new firm be fixed at Rs,1,20,000 and any deficiency or excess in remaining partners' capital is to be adjusted by opening current Accounts .

Prepare Revaluation Account, Capital Accounts of the partners and the Balance Sheet after death of Y.

Part - B

19. **What** will be impact of shares issued in consideration of machinery purchased on following ratios ?
 (i) Current Ratio (ii) Total Assets to Debt Ratio 1
20. ***Viyam Ltd. earned profit after tax 6 times** of the last year and also has very huge cash inflow from its operating Activities. Company decided to distribute 10% of the profit among employees as bonus and also decide to upgrade its plant to improve the working conditions. **State any value** served by the company in such decisions. 1
21. **List any two items** which result in inflow of cash and cash equivalent in Investing Activities. 1
22. **State two items** for each of the following sub-heads of different major head of Company's Balance Sheet (Write for **any three** sub-head.): 3
 (i) Reserve & Surplus (ii) Long Term Borrowings (iii) Short Term Provisions
 (iv) Other Current Liabilities (v) Inventories
23. **From** the following Balance Sheets of Royal Industries as on 31st March, 2012 and 2013, prepare a comparative Balance sheet: 4

Particulars	Note	31.03.2013	31.03.2012
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	No.	Rs.	Rs.
I EQUITY AND LIABILITIES :			
Shareholders' Funds :			
Share Capital		8,00,000	5,00,000
Reserve and Surplus		1,00,000	1,00,000
Non-Current Liabilities			
Long Term Borrowings		4,00,000	3,00,000
Current Liabilities			
Short Term Borrowings		2,00,000	1,00,000
Total		<u>15,00,000</u>	<u>10,00,000</u>
II Assets			
Non-current Assets :			
		6,00,000	4,00,000
Current Assets :			
Inventories		3,00,000	2,00,000
Trade Receivables		4,00,000	3,00,000
Cash & Cash Equivalents		2,00,000	1,00,000
Total		<u>15,00,000</u>	<u>10,00,000</u>

24. Shareholders' Fund – Rs.8,00,000 ; 12% Debentures – Rs.50,000; 10% Mortgage Loan – Rs.1,50,000; Total Assets – Rs.10,00,000 ; Income tax paid – Rs.84,000 ; Rate of Income Tax was 50%.
With the help of above information of Icon Limited, **Calculate :**

(i)Debt-Equity ratio (ii) Proprietary Ratio (iii) Interest Coverage ratio. 4

25. **Prepare 'Cash flow Statement' From the following summarised Balance Sheet of X Ltd. Company: 6**

Particulars	Note No.	31.3.2013(Rs.)	31.3.2012 (Rs.)
I Equity and Liabilities			
Shareholders' funds:			
Share Capital		1,00,000	100,000
Reserve and Surplus (Profit & Loss Balance)		60,000	30,000
Non-Current Liabilities			
Long Term Borrowings (10% Debentures)		80,000	60,000
Current Liabilities			
Trade Payables		35,000	30,000

Short Term Provisions	(1)	55,000	70,000
Total		3,30,000	2,90,000

II Assets

Non-current Assets : Fixed Assets		1,90,000	1,50,000
Non-current Investments		30,000	40,000
Current Assets:			
Inventories		55,000	40,000
Trade receivables		45,000	40,000
Cash & Cash Equivalents		10,000	20,000
Total		3,30,000	2,90,000

Note : (1) Short Term provisions :

Provision for Tax	8,000	20,000
Proposed dividend	47,000	50,000

Additional Information :

(i) New Debentures were issued on 31st August 2012 and interest on non-current investment was received Rs.4,000.

(ii) A part of fixed assets having book value Rs.3,000, on which depreciation of Rs.2,000 had been charged was sold for Rs.2,000. Depreciation charged during the year was Rs.17,000.

Practice on special attachment of 100 special MCQ based on fundamental & 10+2 C.B.S.E. Accountancy

Accountancy

Time : 3 hours

M.M.: 100

Note :- (i) Good practice on this paper may help you in scoring 100 % in C.B.S.E. Accountancy of 10 + 2
(II) Read carefully all the options of each questions and specially the question having false as an answer. Every time read all 4 options of questions which of the following is false. Remember all the correct options and try to correct the false one.

1. Harshul and Anshul are partners sharing profits and losses in 5 : 3 ratio respectively. They admit Pushpit for 20% share in the profits and losses. The new profit sharing ratio of Harshul, Anshul and Pushpit will be :
(A) 2 : 2 : 1 (B) 1 : 1 : 1 (C) 5 : 3 : 2 (D) 7 : 5 : 3
2. Zoly and Manshi are partner sharing profits and losses in 7 : 3 ratio. Chatur is admitted with $\frac{3}{7}$ th share in the profits which he took $\frac{2}{7}$ th from Zoly and $\frac{1}{7}$ th from Mansi. New Profit Sharing Ratio will be :
(A) 29 : 11 : 30 (B) 8 : 9 : 15 (C) 17 : 13 : 23 (D) 7 : 3 : 3
3. Hazari and Banarsi are partner sharing profits in 4 : 3 ratio. They admit Alisha as a new partner for $\frac{1}{5}$ th share in profits. She acquires her share of profits in the ratio of 1 : 2 from Hazari and Banarsi. The new profit sharing ratio of partners after admission of Alisha will be :
(A) 53 : 31 : 21 (B) 15 : 7 : 5 (C) 5 : 3 : 2 (D) 56 : 32 : 22
4. Ashok and Vinod are partners sharing profits and losses in the ratio of 3 : 2. Bheem is admitted as a new partner for $\frac{1}{5}$ th share in profits of the firm. C acquires $\frac{1}{4}$ th of Ashok's share and $\frac{1}{20}$ th from Vinod. The new profit sharing ratio will be :
(A) 9 : 11 : 5 (B) 9 : 7 : 4 (C) 2 : 2 : 1 (D) 5 : 7 : 3
5. Anil, Bhavesh and Chander were partners sharing profits and losses in the ratio of 4 : 3 : 1. Bhavesh retired, selling his share of profit for Rs.10,800 to Anil and Chander. Anil compensated Rs. 4,800 while Chander Compensated Rs.6,000 to Bhavesh. The new profit sharing ratio of Anil and Chander will be respectively :
(A) 1 : 2 (B) 4 : 3 (C) 2 : 1 (D) 1 : 1
6. Which of the following is false?
(A) Capital of the company is divided into many small unit of equal denomination and each unit is known as Share
(B) Authorised Capital is the maximum capital which can be issued by the company during its lifetime while

subscribed capital is that part of issued share capital which has been subscribed for by the public.

- (C) Subscribed and fully paid up capital means capital of those shares on which company has called the face value and also paid by the shareholders.
- (D) Debentures include bonds, certificate or any other securities of the company which never constitute any type of charge on the assets of the company

7. Shareholders' Fund – Rs.6,00,000 ; 12% Debentures – Rs.50,000; 10% Mortgage Loan – Rs.1,50,000; Total Assets – Rs.10,80,000 ; Income tax paid – Rs.63,000 ; Rate of Income Tax was 50%.

With the help of above information of Rao Limited Interest Coverage Ratio will be :

- (A) 7 : 1 (B) 6 times (C) 5.5 times (D) 7 times

8. Which of the following is false?

- (A) A minor can be admitted in partnership firm only for profits and with limited liability as per Section 30 of Indian partnership Act, 1932 but only on consent of all the partners.
- (B) Any new partner can be admitted only with the consent of all the partners.
- (C) In case a new partner is unable to bring his share for premium for goodwill in cash then normally his Current A/c is debited for his share in firm's goodwill.
- (D) When share of deceased partner is transferred for expected loss during the year upto the date of his death then Profit & Loss Suspense A/c is debited.

9. Which of the following is false?

- (A) Expired portion of the cost incurred during the Accounting year is known as Revenue expenditure while Unexpired portion of the cost incurred is known as Capital expenditure.
- (B) Operating profit = Gross profit – Operating Expenses
While Net Profit = Gross Profit + Other income – operating & non-operating expenses
- (C) Provisions are created for known liabilities and charge on profit while Reserves are created for unknown liabilities and appropriated to strengthen the financial position of the business enterprises.
- (D) The minimum number of partners is 2 while maximum number of partners is 20 in general business and limit of maximum Number of partners is imposed by Indian Partnership Act, 1932.

10. Vinayak and Maruti are partners in a firm. They admit Hero as a partner for equal share in profits. Hero will bring his capital and premium for goodwill in cash. For this purpose goodwill of the firm is valued on the basis of capitalisation of average super profit earned during the last four years. Profit for the last four year were:-

2009 – Profit of Rs. 90,000(including speculation profit of Rs.10,000)

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2010 - Profit of Rs.1,00,000(Closing stock was under valued by Rs.20,000)

2011 - Loss of Rs.80,000

2012 – Profit of Rs.2,36,000

A computer costing Rs.40,000 purchased on 30Th June 2012 was charged to revenue and depreciation on computer is allowed @40% p.a. . Remuneration to each partner is allowed Rs.1,000 per quarter. Average Capital employed is Rs.5,00,000. 8% return is expected as interest on Bank Deposits and 4% extra return is expected in the business considering the risk. The value of goodwill will be :

(A) Rs. 1,80,000 (B) Rs. 2,50,000 (C) Rs.2,00,000 (D) Rs.3,00,000

11. Capitalised value of average profit – Rs. 15,00,000; Average Capital employed – Rs.10,00,000

Assets(excluding goodwill) – Rs.11,50,000; Liabilities – Rs.1,00,000

Value of goodwill on the basis of Capitalisation of Average Profits is :-

(A) Rs.5,00,000 (B) Rs.4,50,000 (C) Rs.3,50,000 (D) None of these

12. A firm has assets of Rs.3,60,000 excluding furniture which is 10% of the Total Assets. Total outside liabilities of the firm are Rs.1,00,000. Amount of capital employed in the firm is:

(A) Rs. 2,60,000 (B) Rs.2,96,000 (C) Rs.3,00,000 (D) None of these

13. Goodwill of the firm is valued at Rs.1,50,000 on the basis of capitalisation of super profits. What will be the value of super profit if normal rate of return is 8%?

(A) Rs.18,750 (B) Rs.12,000 (C) Rs.12,500 (D) Rs.20,000

14. What will be the value of super profit if goodwill of the firm is valued at Rs.80,000 at 2.5 years' purchase of super profit?

(A) Rs. 2,00,000 (B) Rs. 20,000 (C) Rs. 30,000 (D) Rs. 32,000

15. Provision for bad debts is created in accordance with:

(A) Matching Concept (B) Conservatism Concept
(C) Materiality Concept (D) Both 'A' & 'B'

16. Which of the following is False :

(A) Closing Capital = Op. Capital + Add. Capital + Profits – Drawings
(B) As per consistency principle accounting policies should be changed regularly.
(C) Cost of Goods Sold or Revenue = Op. Inventories + Net purchases + Direct Exp. – Closing Inventories
(D) Increase in Assets is Debited.

17. Yio Ltd. forfeited 800 shares of Rs.10 each(Rs.6 called-up) issued at a discount of 10% to Ram on which he has paid Rs.3 per share. Out of these 600 shares were re-issued to Z as Rs.8 paid up for 6 per share. What is the minimum amount at which remaining 200 shares can be reissued as fully paid up?
(A) Rs. 6 (B) Rs. 1,400 (C) Rs. 7 (D) Rs.1,200
18. Super profit of a partnership firm are half of its actual average profit. Normal Rate of Return is 25 %. Which method for valuation of goodwill would you recommend to partners for higher valuation of goodwill :
(A) 5 Years' purchase of Super Profit (B) Capitalisation of Super Profit
(C) 2 Years' purchase of Average Profit (D) All of these fetch same value
19. An asset was purchased for Rs.12,500 and was depreciated under W.D.V. method at the rate of 20% p.a. What is the value of asset at the end of 3rd year:
(A) Rs.8,000 (B) Rs.5,000
(C) Rs.6,400 (D) Rs.7,500
20. Which of the following is false:
(A) Accounting is the language of business
(B) Cost of scissor, calculator, stapler and paper weight etc. can be considered as an expense due to materiality concept
(C) Contra entry are recorded in both side of Cash Book
(D) Expenses of the year 2012 should be matched with the revenue of year 2011 according to matching concept
21. Which of the following is false:
(A) Amount invested by the owner/s of business is known as Capital
(B) Value of the amount/goods withdrawn by the owner/s of business for personal/private/domestic use is known as Drawings.
(C) Capital increases on profits and decreases on losses
(D) Double entry system of Accounting was originated in India
22. Accounting Standard – 3 is related to :
(A) Depreciation Accounting (B) Cash Flow Statement
(C) Accounting for Fixed Assets (D) Valuation of Inventories
23. Which of the following is false :
(A) Cash/Bank A/c is debited in case of capital invested by owner/s in cash, Loan taken, Fixed Asset sold for cash, amount received from debtors and cash sales.

- (B) Cash/Bank A/c is credited in case of cash withdrawn by owner/s, expenses paid, payment to creditors purchase of fixed assets for cash and loan repaid.
- (C) All anticipated losses are recorded but not the profits as per conservatism
- (D) First of all ledger is prepared in Accounting process.

24. Goods costing Rs.30,000 supplied to Mohan at a profit of 25% of sales price less trade discount @ 5% will be credited to Sales A/c with :

- (A) Rs.35,625 (B) Rs.38,000 (C) Rs.37,500 (D) Rs.28,500

**25. Net profit was Rs.1,80,000 before the following adjustments
Outstanding salary Rs.10,000 ; and Prepaid insurance Rs.13,000
Calculate profit after adjustments:**

- (A) Rs.1,83,000 (B) Rs.1,77,000 (C) Rs.2,03,000 (D) Rs.1,87,000

26. Calculate gross profit if rate of gross profit is 20% on sales and cost of goods is Rs.1,20,000:

- (A) Rs. 30,000 (B) Rs.24,000 (C) Rs.20,000 (D) None of these

27. Which of the following is false?

- (A) When share of new partner is given and nothing else mention in that case old ratio of old partners become their sacrifice ratio.
- (B) In case of change in profit sharing ratio of existing partners gaining partner/s compensate to sacrificing partner/s for his gain in goodwill.
- (C) In case of dissolution of partnership, firm continues its business but in case of dissolution of firm, business does not be continue.
- (D) In case of Dissolution of partnership firm Revaluation A/c is prepared to close the Assets (other than cash) and outside liabilities Accounts.

28. Which of the following is false?

- (A) When the terms and conditions of partnership business is written on a document duly stamped and signed by all the partners then it is known as partnership deed.
- (B) In case a partners gets the guarantee of a certain amount in profit then he/she is entitled to that guaranteed amount even in the case of loss.
- (C) When interest on partners' capital is as a charge on the profit then it is allowed even in the case of loss and it will be shown in P/L A/c instead of P/L Appropriation A/c.
- (D) Weighted Average profit method of valuation of goodwill can be used in case of frequent up and down in profits.

29. Which of the following is false?

- (A) Goodwill a valuable fixed intangible asset and not the fictitious asset.
- (B) Increase in the book value of goodwill is considered as purchase while decrease in the book value of Goodwill is known as amortization.
- (C) Self generated goodwill is not be shown in the books of accounts while purchased goodwill can be shown.
- (D) Favourable location of business and efficiency of management adversely affect (decrease) goodwill's value.

30. Which of the following is false?

- (A) When a partner withdrew a certain amount at the beginning of each quarter then interest on total drawings is charged for 7.5 months.
- (B) When a partner withdrew a certain amount at the beginning of each month then interest on total drawings is charged for 6 months.
- (C) When a partner withdrew a certain amount at the end of each quarter then interest on total drawings is charged for 4.5 months.
- (D) When a partner withdrew a certain amount at the end of each month then interest on total drawings is charged for 5.5 months.

31. Which of the following is wrong in relation to dissolution of partnership firm by an order of the court (Sec.44):

- (A) When a partner has become of unsound mind.
- (B) When a partner has become permanently incapable of performing his duties as a partner.
- (C) When a partnership firm can not be carried on except at a loss.
- (D) When the business of the firm becomes unlawful.

32. Which of the following is false?

- (A) Executors or Legal Heir of deceased partner has the right to receive interest @6% p.a. simple rate on the balance capital of deceased partner or share in profits in proportionate of capital at their discretion.
- (B) All accumulate profits/losses and reserves are distributed among the old partners in their old ratio in case on Reconstitution of Partnership Firm.
- (C) Partner's capital A/c is debited if any asset of the firm is taken by the partner.
- (D) Balance in Partner's capital A/c is decreased when any liability of firm is taken/paid by him.

33. Compulsory dissolution of partnership firm takes place when :

- (A) Death of a partner takes place
- (B) All partners become insolvent
- (C) Retirement of an active partner
- (D) There is loss in the current year

34. Which of the following is false :

- (A) Capital reserve is created out of capital profits while Reserve Capital is that portion of uncalled share capital which shall not be called up except in the event of winding up.
- (B) As per Table A interest on calls in arrears is charged @5% p.a. while on calls in advance interest is given @6% p.a.
- (C) Oversubscription of shares means public applied for more than issued shares while under subscription of shares means public applied for less than issued shares.
- (D) Calls in Arrears means amount not called by the company on shares but paid by shareholder in advance while calls in advance means amount called by the company on shares but not paid by the shareholders.

35. Which of the following is false :

- (A) When shares originally issued at discount are reissued at a loss after forfeiture then Share Discount A/c is debited upto the original discount given at the time of issue and any excess loss is set off from Share Forfeiture A/c.
- (B) While forfeiting shares which were issued at a premium, Securities premium A/c is Debited/Cancelled only if it has become due and not received.
- (C) While forfeiting shares which were issued at a discount, Share Discount A/c is always credited /cancelled as it is never received.
- (D) Balance amount of Share Forfeiture of re-issued shares is transferred to General Reserve A/c.

36. Securities premium can not be utilised for which of the following objective :

- (A) In writing off preliminary Expenses , underwriting commission & discount on issue of shares/Debentures.
- (B) For issuing fully paid up bonus shares & for providing for premium payable on redemption of redeemable Preference Shares or Debentures.
- (C) For buy back of its own shares as per section 77-A.
- (D) For distribution of Dividend among its shareholders.

37. In which of the following case creation of Debenture Redemption Reserve is required :

- (A) Debentures are redeemed by an infrastructure company.
- (B) Debentures are redeemed within 18 months of the issue.
- (C) Debentures are redeemed by a manufacturing company out of profits after 18 months of the issue.
- (D) Debentures are redeemed by conversion.

38. Which of the following is not correct in relation to the procedure followed for issuing shares at discount:

- (A) Shares of a class already issued can be issued at a discount by a company which has received certificate for commencement of business at least one year before such issue
- (B) An ordinary resolution is to be passed in the general meeting of the shareholders mentioning the rate of discount.
- (C) In case discount exceeds 10% of the face value of shares then any sanction from the Company Law Tribunal or Central Government is not required.
- (D) The issue must be made within the time allowed by the Company Law Tribunal.

39. Which of the following method is used for valuation of goodwill according to capitalisation of super profit?
- (A) Average profits x Nos. of years purchased
 (B) Super profits x Nos. of years purchased
 (C) $\frac{\text{Super profits}}{\text{Normal Rate}} \times 100$
 (D) Capitalised value of Average profits - Actual Capital Employed
40. Which of the following is false :
- (A) In the absence of partnership deed interest on capital, Salary to partners, commission to partners are allowed.
 (B) Gaining Ratio = New Ratio - Old Ratio
 (C) Sacrificing Ratio = Old Ratio - New Ratio
 (D) Premium for goodwill brought in by new partner is distributed among sacrificing partners in their sacrificing ratio.
41. If a share of Rs.10 issued at a premium of Rs.2, on which Rs.9 (including premium) have been called and Rs.7(including Premium)paid is forfeited, the capital account should be debited by :
- (A) Rs.12 (B) Rs.10 (C) Rs.5 (D) Rs.7
42. Which of the following is false :
- (A) The debentures which are secured either by fixed charged on particular assets or by floating charge on all assets are known as Secured Debentures.
 (B) In case of bearer debentures the name and address of the debentureholders is not recorded in the register of the company and coupon are attached with these debentures for interest payment.
 (C) If debentures are repaid by the company during its lifetime whether in lump sum or in instalments, these are known as Redeemable Debentures.
 (D) When debentures are convertible into equity shares or other securities at a stated rate of exchange either at the option of the debentureholders or at the option of the company after a specified period, these are known as Non- Convertible Debentures.
43. A ltd. issued 100, 12% Debentures of Rs. 100 each at a Discount of 5% and redeemable at a premium of 10%. the amount to be debited in Loss on issue of debentures A/c Will be :
- (A) Rs 750 (B) Rs.1,500 (C) Rs.10500 (D) Rs.11,000
44. 250 Debentures of Rs.500 each are due for redemption at a premium of 10 %. The amount due to debentureholders at the time of redemption will be :
- (A) Rs.12,500 (B) Rs.1,37,500 (C) Rs. 1,25,000 (D) None of these
45. Which of the following is false?

- (A) Forfeiture of shares means cancellation of shares by the company due to non-payment of call money.
- (B) Surrender of shares means voluntary surrenders of shares by the shareholder to company for cancellation.
- (C) Buy back of shares means purchase of its own shares by the company.
- (D) Pro-rata allotment means giving full shares to applicant.

46. Which of the following is false?

- (A) Right issue- When a company proposes to issue fresh securities to its existing shareholder in proportionate of their holding.
- (B) Employee Stock Option- When a company give option to its Directors, officers or employees to purchase the Securities on a future date at an optional price.
- (C) Sweat Equity Shares – When shares of a listed company are issued to its promoters or employees at a Discount or for consideration other than cash.
- (D) Preferential Allotment - When shares are issued to promoters/ financial institution or strategic investors at a predetermined price with lock in period.

47. Which of the following is false?

- (A) Minimum subscription – It is fixed at 90% of the issued shares by the companies Act & to be received within 120 days of the issue.
- (B) Preliminary Expenses – These expenses are incurred by a company prior to incorporation.
- (C) When a company issue its shares at a price more than face value it is known as issue of shares at a premium while issue of shares at a price less than face value is known as issue of shares at a discount.
- (D) Shares of Alpha Ltd. are not freely transferrable while shares of Gamma Pvt. Ltd. are freely transferrable.

48. Eman Ltd. allotted 50,000 shares to the applicants of 75,000 shares on pro-rata basis. Calculate the nos. of shares applied by Suman if company allotted her 600 shares.

- (a) 400 Shares (b) 600 shares (c) 900 shares (d) 750 shares

49. Which of the following is false :

- (A) In case of Reconstitution of partnership, accumulated profits/losses are distributed among old partners in the old ratio.
- (B) In case of death of a partner, the total balance of his capital will be transferred to deceased partner's A/c.
- (C) In case of retirement Gaining partners paid the share of retiring partner in goodwill in their gaining ratio.
- (D) Revaluation A/c is not prepared in case of dissolution of partnership firm.

50. A and B are partners sharing profits and losses in the ratio of 4 : 1. C was a manager who received the salary of Rs.2,000 per month in addition to a commission of 5% on net profits after charging salary but before commission. Profits for the year is Rs.3,39,000 before charging salary and such commission. Find total

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remuneration of C :

- (A) Rs.39,000 (B) Rs.44,000 (C) Rs.43,500 (D) Rs.39,750

51. Which of the following is false :

- (A) In case of Fluctuating Capital A/cs of partners, Current A/cs of partners are not required to be opened.
 (B) In case of Fixed Capital A/cs of partners, Current A/cs of partners are prepared.
 (C) In case of Reconstitution of partnership, goodwill shown in B/S is written off among old partners in the new ratio.
 (D) Normally Capital A/cs of partners have Credit balance.

52. On admission of a partner Kajal, the balance of Capital A/cs of old partners Sweety and Preety are Rs.170,000 and Rs.1,90,000 after making all adjustments including premium for goodwill of Rs.40,000 brought in by new partner for her $\frac{1}{6}$ th share in profits. Kajal is required to bring capital proportionate to her share in profits on the basis of the capital of old partners. So, Kajal will bring for her Capital :

- (A) Rs.1,00,000 (B) Rs.80,000 (C) Rs. 72,000 (D) Rs.1,20,000

53. On admission of a partner C, the balance of Capital A/cs of old partners A and B are Rs.170,000 and Rs.1,90,000 after making all adjustments including premium for goodwill of Rs.20,000 brought in by new partner for her $\frac{1}{6}$ th share in profits. C bring Rs. 90,000 as capital for proportionate share in profits. If capital of old partners is also to be adjusted in their profit sharing ratio then Capital of A Should be :

- (A) Rs.2,00,000 (B) Rs.1,80,000 (C) Rs. 2,25,000 (D) Rs.1,50,000

54. Patents appeared in the Balance at Rs. 12,000. On revaluation it was find out that patents are undervalued by 20%. Then after revaluation value of patents will increase to :

- (A) Rs.15,000 (B) Rs.2,400 (C) Rs. 14,400 (D) Rs.3,000

55. Workmen Compensation Fund appeared in the Balance Sheet of A and B was Rs. 50,000. On admission of C it was find out that there is a claim of Rs.20,000 of a workman for compensation. What will be share of B in workmen compensation fund if their profit sharing ratio was 3 : 2.

- (A) Rs.15,000 (B) Rs.30,000 (C) Rs. 18,000 (D) Rs.12,000

56. In a partnership firm, a new partner (P) is admitted who brings proportionate amount of Rs. 3,00,000 for his $\frac{1}{5}$ th share in profits. Total Capital of old partner L and N was Rs.7,00,000 after all adjustments on admission of P except for premium for goodwill which is included in the amount brought in by new partner. Calculate the premium for goodwill included in the amount brought in by new partner:

- (A) Rs.20,000 (B) Rs.60,000 (C) Rs. 1,00,000 (D) Rs.25,000

57. A and B were partners sharing profits and losses in the ratio of 3 : 2. Profits of the year has been distributed without considering A's salary of Rs.5,000 per annum. They want to make an adjustment entry for the above error. In adjustment Entry, A's capital A/c will be credited by :
- (A) Rs.5,000 (B) Rs.3,000
(C) Rs. 2,000 (D) None of these as A's capital will be Debited by Rs.2,000
58. In a partnership firm of X, Y and Z who were distributing profits and losses in the ratio of 3 : 2 : 2, Z retired and capital balance of X, Y and Z are Rs.1,75,000, Rs. 1,50,000 and Rs. 1,25,000 respectively after all adjustments. On retirement of Z, it was decided that X and Y will bring sufficient cash to pay Z's balance and amount will be brought in such a way that their capital should be in their new profit sharing ratio 2 : 1 . So, amount brought in by X is :
- (A) Rs.196,667 (B) Rs.1,05,000 (C) Rs. 20,000 (D) Rs.1,25,000
59. Reconstitution of partnership Firm means :
- (A) Dissolution of Partnership (B) Dissolution of partnership firm
(C) Both 'A' and 'B' (D) None of these
60. In a partnership firm of A, B and C who were distributing profits and losses in the ratio of 3 : 1 : 2, B retired and capital balance of A and C are Rs.46,500 and Rs. 29,000. On retirement of B, entire capital of new firm is fixed at Rs.70,000 which should be in their new profit sharing ratio and any excess or deficiency to be withdrawn or brought in cash. So, amount withdrawn by A is :
- (A) Rs.17,000 (B) Rs.9,500 (C) Rs. 1,000 (D) Rs.4,500
61. Which of the following is not a major head of Equity and Liabilities side?
- (A) Shareholders' Fund (B) Non-Current Liabilities
(C) Short term loans and advances (D) Current Liabilities
62. Which of the following is not a sub-head of non-current liabilities?
- (A) Long Term Borrowings (B) Other long term liabilities
(C) Long Term Loans and Advances (D) Long term Provisions
63. Which of the following is not an item of Tangible fixed Assets?
- (A) Freehold Land (B) Leasehold Land (C) Patents (D) Railway sidings
64. Which of the following is not an item of Inventories?
- (A) Stores and spares (B) Loose tools (C) Goods in transit (D) Trade Marks
65. Which of the following is not a sub head of Current Assets?
- (A) Current Investments (B) Cash & Bank Balance

(C) Other Current Assets (D) Short Term Loans and Advances

66. Which of the following is false?

- (A) Capital Employed = Shareholders' Fund + Non-Current Liabilities
 (B) Capital Employed = Total Assets – Current Assets
 (C) Capital Employed = Equity and Liabilities (Total) - Current Liabilities
 (D) Capital Employed = Non-Current Assets + Working Capital

67. Which of the following is not an item of Other Current Liabilities ?

- (A) Income received in Advance (B) Interest Accrued on borrowings (Due/Not due)
 (C) Outstanding Expenses (D) Proposed Dividend

68. Which of the following is False?

- (A) Working Capital = Total Assets – (Non-Current Assets + Current Liabilities)
 (B) Working Capital = Current Assets - Current Liabilities
 (C) Working Capital = Capital Employed – Non-Current Assets
 (D) Working Capital = Shareholders' Fund - Non Current Assets

69. Which of the following is shown under sub head -Short term Provisions of Current Liabilities?

- (A) Proposed Dividend (B) Unclaimed Dividend
 (C) Both A & D (D) Provision for Income Tax

70. While preparing the financial statements of a company at the end of the year, figures shown in these should be :

- (A) For Current Year & for previous Year (B) For Next year and for current year
 (C) For Current year only (D) For Previous year only

71. Which of the following is a sub head of Shareholders' Fund ?

- (A) Share Capital (B) Reserves & Surplus (C) Money Received against Share Warrants (D) All of these

72. The standard used for current ratio is :

- (A) 2 : 1 (B) 1 : 1 (C) 6 to 7 Times (D) None of these

73. The standard used for Liquid/Quick/Acid Test ratio is :

- (A) 2 : 1 (B) 1 : 1 (C) 6 to 7 Times (D) None of these

74. Which of the following is correct?

- (A) Current Assets = Total Assets – Non Current Assets
 (B) Current Liabilities = Total Debt(Liabilities) – Non-current Liabilities
 (C) Inventories = Current Assets - Liquid Assets
 (D) All of these

75. If Current ratio is 2.5 : 1 and Current Assets are Rs1,50,000 then Current Liabilities are :
 (A) Rs. 3,75,000 (B) Rs.50,000 (C) Rs.60,000 (D) None of These
76. If Current ratio is 3.5 : 1 and Current Liabilities are Rs.50,000 then Current Assets are :
 (A) Rs. 1,75,000 (B) Rs.14,222 (C) Rs.60,000 (D) None of These
77. If Current ratio is 4.5 : 1 and Current Assets are Rs9,00,000 then Current Liabilities are :
 (A) Rs. 1,75,000 (B) Rs.50,000 (C) Rs.60,000 (D) None of These
78. If Current ratio is 2.5 : 1, Liquid Ratio 1: 1 and Current Assets are Rs1,50,000 then Inventories are :
 (A) Rs. 75,000 (B) Rs.90,000 (C) Rs.60,000 (D) None of These
79. If Current ratio is 2.5 : 1, Liquid Ratio 1: 1 and Working Capital is Rs.60,000 then Inventories are :
 (A) Rs. 40,000 (B) Rs.1,00,000 (C) Rs.60,000 (D) None of These
80. If Current ratio is 2.5 : 1, Liquid Ratio 1: 1 and Inventories is Rs1,50,000 then Working Capital is :
 (A) Rs. 75,000 (B) Rs.90,000 (C) Rs.60,000 (D) Rs.1,50,000
81. Which of the following Ratios help in knowing the capabilities of a company to pay its long term borrowing and interest thereon whenever they become due?
 (A) Liquidity Ratios (B) Solvency Ratios (C) Activity Ratios (D) Profitability Ratios
82. Which ratio help in knowing the capability of a company to pay its current liabilities immediately?
 (A) Current Ratio (B) Liquid Ratio (C) Cash Ratio (D) Debt Equity Ratio
83. Closing balance of Accumulated Depreciation is Rs.1,000 less than the opening balance. A fixed Asset Costing Rs.15,000 Accumulated Depreciation thereon Rs9,000 was sold for Rs.13,000. The amount of Current year depreciation is
 (A) Rs. 9,000 (B) Rs.8,000 (C) Rs.7,000 (D) Rs.10,000
84.

Particulars	Rs.(2013)	Rs.(2012)
Provision for Tax	40,000	15,000
Proposed Dividend	15,000	5,000
Balance in Statement of P/L	90,000	35,000

Profit Before Taxation to be used as starting point in Cash Flow from operating activities will be :
 (A) Rs.1,20,000 (B) Rs.80,000 (C) Rs.1,10,000 (D) Rs.1,45,000
85. Amount received by issue of shares is always shown in financing in any type of company and interest Received on calls in arrears on shares issued is shown under :
 (A) Operating Activities

- (B) Investing Activities
(C) Financing Activities
(D) None of these
- 86. Which of the following is not an inflow under cash flow from investing Activities for a trading Co. ?**
(A) Purchase of Non-Current Assets (B) Sale of Non-Current Assets
(C) Sale of Non-Current Investments (D) Interest Received
- 87. Which of the following is shown as an item of financing Activities for a Finance Company?**
(A) Proceeds from Long Term Borrowings
(B) Interest Paid
(C) Repayment of Long Term Borrowings
(D) Dividend Paid
- 88. Which of the following is shown as an item of Investing Activities for a Financing Company?**
(A) Sale of Investments
(B) Interest & Dividend Received
(C) Sale of Tangible Fixed Assets
(D) Purchase of Investments
- 89. Which of the following Current Liabilities is normally not considered while making adjustments for changes in Working Capital in Cash Flow Statement?**
(A) Short Term Borrowings
(B) Trade Payables
(C) Short Term Provisions
(D) Other Current Liabilities
- 90. Which of the following Current Assets is not considered while making adjustments for changes in Working Capital in Cash Flow Statement?**
(A) Inventories
(B) Trade Receivables
(C) Cash & Cash Equivalent
(D) Short term Loans & Advances
- 91. Which of the following ratio is not calculated under Activity Ratios?**
(A) Inventory Turnover Ratio (B) Trade Receivable Turnover Ratio
(C) Interest Coverage Ratio (D) Average Collection Period

92. Net profit after interest & before tax- Rs.1,00,000 ; Rate of Income Tax – 50 % ; 10% Deb.-Rs.1,00,000. Then profit before interest and Tax will be :
 (A) Rs.1,10,000 (B) Rs.2,10,000
 (C) Rs.40,000 (D) Rs.1,60,000
93. Net profit after tax- Rs.1,00,000 ; Rate of Income Tax – 50 % ; 10% Deb.-Rs.1,00,000 Then profit before interest and Tax will be :
 (A) Rs.1,10,000 (B) Rs.2,10,000 (C) Rs.40,000 (D) Rs.1,60,000
94. Particulars Rs.(2013) Rs.(2012)
 Discount on issue of Debentures(Other Non-Current Assets) 50,000 15,000
 Discount on issue of Debentures(Other Current Assets) 10,000 5,000
 In the beginning of the year company issued Rs.10,00,000 12% Debentures at 5% discount.
 What will be amount of Discount on issue of debentures to be adjusted in Cash Flow Statement under Cash Flow from Operating Activities?
 (A) Rs.10,000 (B) Rs.5,000
 (C) Rs.15,000 (D) Rs.40,000
95. Particulars Rs.(2012) Rs.(2013)
 Provision for Tax 40,000 35,000
 Income tax paid during the year was Rs.50,000. Provision for Tax made in 2013 is :
 (A) Rs. 55,000 (B) Rs.45,000
 (C) Rs.40,000 (D) Rs.35,000
96. Particulars Rs.(2013) Rs.(2012)
 Discount on issue of Debentures(Other Non-Current Assets) 40,000 15,000
 Discount on issue of Debentures(Other Current Assets) 15,000 5,000
 In the beginning of the year company issued Rs.10,00,000 12% Debentures at 5% discount.
 What will be amount of Discount on issue of debentures to be adjusted in Cash Flow Statement under Cash Flow from Operating Activities?
 (A) Rs.10,000 (B) Rs.5,000
 (C) Rs.15,000 (D) Rs.40,000
97. Which of the following are not items of Cash & Cash Equivalent?
 (A) Cash & Bank Balance
 (B) Cheques and Drafts received not deposited
 (C) Marketable Securities & Demand Deposits
 (D) Inventories & Trade Receivables

98. Which of the following is not an item of Operating Activities for a Trading/Manufacturing Company?
(A) Payment for Cost of Revenue
(B) Office Exp. Paid
(C) Selling Exp. Paid
(D) Finance Cost
99. Which of the following is not an item of investing Activities for a Trading/Manufacturing Company?
(A) Purchase of Non-Current Assets
(B) Sale of Non-Current Assets
(C) Interest & Dividend Received
(D) Redemption of Debentures on premium
100. Which of the following is not an item of financing Activities for a Trading/Manufacturing Company?
(A) Proceeds from issue of Share Capital
(B) Proceeds from Long term Borrowing
(C) Repayment of Long term borrowing
(D) Interest & Dividend received.

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