

PRACTICE QUESTIONS (2022-23)

SUBJECT ACCOUNTANCY 055

CLASS XII

TIME 3 HOURS

MAX. MARKS 80

GENERAL INSTRUCTIONS:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Part - **A is compulsory for all candidates.**
4. Part - B has two options i.e. **(i) Analysis of Financial Statements and (ii) Computerised Accounting.** Students must attempt **only one** of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31 and 32 carries **3** marks each.
7. Questions from 21, 22 and 33 carries **4** marks each
8. Questions from 23 to 26 and 34 carries **6** marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks**.

PART A

(Accounting for Partnership Firms and Companies)

S.No.	Question	Marks															
Part A :- Accounting for Partnership Firms and Companies																	
1.	<p>Navya and Radhey were partners sharing profits and losses in the ratio of 3: 1. Shreya was admitted for 1/5th share in the profits. Shreya was unable to bring her share of goodwill premium in cash. The journal entry recorded for goodwill premium is given below:</p> <table><tr><th>Date</th><th>Particular</th><th>LF</th><th>Debit (₹)</th><th>Credit (₹)</th></tr><tr><td></td><td>Shreya's Current A/c. Dr. To Navya's Capital A/c. To Radhey's Capital A/c (Being entry for goodwill treatment passed)</td><td></td><td>24,000</td><td>8,000 16,000</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table> <p>The new profit-sharing ratio of Navya, Radhey and Shreya will be:</p> <p>a) 41: 7: 12 b) 13:12: 10 c) 3:1: 1 d) 5:3: 2</p>	Date	Particular	LF	Debit (₹)	Credit (₹)		Shreya's Current A/c. Dr. To Navya's Capital A/c. To Radhey's Capital A/c (Being entry for goodwill treatment passed)		24,000	8,000 16,000						1
Date	Particular	LF	Debit (₹)	Credit (₹)													
	Shreya's Current A/c. Dr. To Navya's Capital A/c. To Radhey's Capital A/c (Being entry for goodwill treatment passed)		24,000	8,000 16,000													

2.	<p>Assertion (A):- Commission provided to partner is shown in Profit and Loss A/c. Reason (R):- Commission provided to partner is charge against profits and is to be provided at fixed rate.</p> <p>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 incorrect. d) Both (A) and (R) are correct, and (R) is the correct explanation of (A)</p>	1																																																
3.	<p>A share of ₹ 10 each, issued at ₹ 4 premium out of which ₹ 7 (including ₹ 1 premium) was called up and paid up. The uncalled Capital will be _____.</p> <table><tr><td>a) ₹ 7 per share</td><td>b) ₹ 4 per share</td></tr><tr><td>c) ₹ 8 per share</td><td>d) ₹ 3 per share</td></tr></table> <p style="text-align: center;">OR</p> <p>While issuing _____ type of Debentures, company doesn't give any undertaking for the repayment of money borrowed by issuing such debentures.</p> <table><tr><td>a) Zero Coupon Rate Debentures</td><td>b) Non-Convertible Debentures</td></tr><tr><td>c) Secured Debentures</td><td>d) Non-Redeemable Debentures</td></tr></table>	a) ₹ 7 per share	b) ₹ 4 per share	c) ₹ 8 per share	d) ₹ 3 per share	a) Zero Coupon Rate Debentures	b) Non-Convertible Debentures	c) Secured Debentures	d) Non-Redeemable Debentures	1																																								
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4.	<p>Samiksha, Arshiya and Divya were partners in a firm sharing profits and losses in the ratio of 5: 3: 2. With effect from 1st April 2022, they agreed to share future profits and losses in the ratio of 2: 5: 3. Their Balance Sheet showed a debit balance of ₹ 50,000 in the Profit and Loss Account and a balance of ₹ 40,000 in the Investment Fluctuation Fund. The market value of an investment is ₹30,000 against the book value of ₹50,000. Partners have decided, not to show revised valued in the balance sheet and to pass an adjusting entry for it. Which of the following is the correct treatment of the above?</p> <table><tr><td>a)</td><td>Samiksha's Capital A/c. Dr.</td><td>9,000</td><td></td></tr><tr><td></td><td>To Arshiya's Capital A/c.</td><td></td><td>6,000</td></tr><tr><td></td><td>To Divya's Capital A/c</td><td></td><td>3,000</td></tr><tr><td>b)</td><td>Arshiya's Capital A/c. Dr.</td><td>5,000</td><td></td></tr><tr><td></td><td>To Samiksha's Capital A/c.</td><td></td><td>2,000</td></tr><tr><td></td><td>To Divya's Capital A/c.</td><td></td><td>3,000</td></tr><tr><td>c)</td><td>Arshiya's Capital A/c. Dr.</td><td>2,000</td><td></td></tr><tr><td></td><td>Divya's Capital A/c. Dr.</td><td>1,000</td><td></td></tr><tr><td></td><td>To Samiksha's Capital A/c</td><td></td><td>3,000</td></tr><tr><td>d)</td><td>Arshiya's Capital A/c. Dr.</td><td>6,000</td><td></td></tr><tr><td></td><td>Divya's Capital A/c. Dr.</td><td>3,000</td><td></td></tr><tr><td></td><td>To Samiksha's Capital A/c</td><td></td><td>9,000</td></tr></table> <p style="text-align: center;">Or</p> <p>Sohan and Mohan are partners sharing profits and losses in the ratio of 2:3 with the capitals of ₹ 5,00,000 and ₹ 6,00,000 respectively. On 1st January 2022, Sohan and Mohan granted loans of ₹ 20,000 and ₹ 10,000 respectively to</p>	a)	Samiksha's Capital A/c. Dr.	9,000			To Arshiya's Capital A/c.		6,000		To Divya's Capital A/c		3,000	b)	Arshiya's Capital A/c. Dr.	5,000			To Samiksha's Capital A/c.		2,000		To Divya's Capital A/c.		3,000	c)	Arshiya's Capital A/c. Dr.	2,000			Divya's Capital A/c. Dr.	1,000			To Samiksha's Capital A/c		3,000	d)	Arshiya's Capital A/c. Dr.	6,000			Divya's Capital A/c. Dr.	3,000			To Samiksha's Capital A/c		9,000	1
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	<p>the firm. Determine the amount of loss to be borne by each partner for the year ended 31st March 2022 if the loss before interest for the year amounted to ₹ 2,500.</p> <p>a) Share of Loss Sohan – ₹ 1,250 Mohan – ₹ 1,250 b) Share of Loss Sohan – ₹ 1,000 Mohan – ₹ 1,500 c) Share of Loss Sohan – ₹ 820 Mohan – ₹ 1,230 d) Share of Loss Sohan – ₹ 1,180 Mohan – ₹ 1,770</p>									
5.	<p>Vihaan and Mann are partners sharing profits and losses in the ratio of 3:2. The firm maintains fluctuating capital accounts and the balance of the same as on 31st March 2022 is ₹ 4,00,000 and ₹ 4,65,000 for Vihaan and Mann respectively. Drawings during the year were ₹ 65,000 each. As per the partnership Deed, Interest on capital @ 10% p.a. on Opening Capital has been allowed to them. Calculate the opening capital of Vihaan given that the divisible profits during the year 2021-22 was ₹ 2,25,000.</p> <p>a) ₹ 3,30,000 b) ₹ 4,40,000 c) ₹ 4,00,000 d) ₹ 3,00,000</p>	1								
6.	<p>Savitri Ltd. issued 50,000, 8% Debentures of ₹ 100 each at certain rate of premium and to be redeemed at 10% premium. At the time of writing off Loss on Issue of Debentures, Statement of Profit and Loss was debited with ₹ 2,00,000. At what rate of premium, these debentures were issued?</p> <table><tr><td>a) 10%</td><td>b) 16%</td></tr><tr><td>c) 6%</td><td>d) 4%</td></tr></table> <p style="text-align: center;">Or</p> <p>Durga Ltd. issued 80,000, 10% Debentures of ₹ 100 each at certain rate of discount and were to be redeemed at 20% premium. Existing balance of Securities Premium before issuing of these debentures was ₹ 25,00,000 and after writing off Loss on Issue of Debentures, the balance in Securities Premium was ₹ 5,00,000. At what rate of discount, these debentures were issued?</p> <table><tr><td>a) 10%</td><td>b) 5%</td></tr><tr><td>c) 25%</td><td>d) 15%</td></tr></table>	a) 10%	b) 16%	c) 6%	d) 4%	a) 10%	b) 5%	c) 25%	d) 15%	1
a) 10%	b) 16%									
c) 6%	d) 4%									
a) 10%	b) 5%									
c) 25%	d) 15%									
7.	<p>Attire Ltd, issued a prospectus inviting applications for 12,000 shares of ₹10 each payable ₹3 on application, ₹ 5 on allotment and balance on call. Public had applied for certain number of shares and application money was received. Which of the following application money, if received restricts the company to proceed with the allotment of shares, as per SEBI guidelines?</p> <table><tr><td>a) ₹ 36,000</td><td>b) ₹ 45,000</td></tr><tr><td>c) ₹ 30,000</td><td>d) ₹ 32,400</td></tr></table>	a) ₹ 36,000	b) ₹ 45,000	c) ₹ 30,000	d) ₹ 32,400	1				
a) ₹ 36,000	b) ₹ 45,000									
c) ₹ 30,000	d) ₹ 32,400									
8.	<p>Amay, Bina and Chander are partners in a firm with capital balances of ₹ 50,000, ₹ 70,000 and ₹ 80,000 respectively on 31st March, 2022. Amay decides</p>	1								

to retire from the firm on 31st March, 2022. With the help of the information provided, calculate the amount to be paid to Amay on his retirement. There existed a general reserve of ₹ 7,500 in the balance sheet on that date. The goodwill of the firm was valued at ₹ 30,000. Gain on revaluation was ₹24,000.

a) ₹ 88,500	b) ₹ 90,500
c) ₹ 65,375	d) ₹ 70,500

Or

A, B and C are partners. A's capital is ₹ 3,00,000 and B's capital is ₹1,00,000. C has not invested any amount as capital but he alone manages the whole business. C wants 30,000 p.a. as salary, though the deed is silent. Firm earned a profit of ₹1,50,000. How much will each partner receives as an appropriation of profits?

- a) A ₹ 60,000; B ₹ 60,000; C ₹ 30,000
- b) A ₹ 90,000; B ₹ 30,000; C ₹ 30,000
- c) A ₹ 40,000; B ₹ 40,000 and C ₹ 70,000
- d) A ₹ 50,000; B ₹ 50,000 and C ₹ 50,000

Read the following hypothetical situation, Answer Question No. 9 and 10

Puneet and Raju are partners in a clay toys making firm. Their capitals were ₹ 5,00,000 and ₹ 10,00,000 respectively. The firm allowed Puneet to get a commission of 10% on the net profit before charging any commission and Raju to get a commission of 10% on the net profit after charging all commission. Following is the Profit and Loss Appropriation Account for the year ended 31st March 2022.

Dr. Profit and Loss Appropriation Account for the year ended 31st March 2022 Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Puneet's Capital A/c (Commission) (----- x10/100)	44,000	By Profit and Loss a/c
To Raju's Capital A/c (Commission)	-----		
To Profit share transferred to :-			
Puneet's Capital A/c	-----		
Raju's Capital A/c	-----		
	=====		=====

9. Raju's commission will be:-

a) ₹ 40,000	b) ₹ 44,000
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1

	c) ₹ 36,000	d) ₹ 36,440					
10.	Puneet's share of profit will be :- <table><tr><td>a) ₹ 1,80,000</td><td>b) ₹ 1,44,000</td></tr><tr><td>c) ₹ 2,16,000</td><td>d) ₹ 1,60,000</td></tr></table>		a) ₹ 1,80,000	b) ₹ 1,44,000	c) ₹ 2,16,000	d) ₹ 1,60,000	1
a) ₹ 1,80,000	b) ₹ 1,44,000						
c) ₹ 2,16,000	d) ₹ 1,60,000						
11.	Choose the correct sequence of the following transactions in context of Division of Profits. (i) Guarantee by Firm to Partners (ii) Guarantee by Partners to Firm (iii) Transfer of Profits to Profit and Loss Appropriation Account (iv) Guarantee by Partner to Partner <table><tr><td>a) (i); (iii) ; (iv) ; (ii)</td><td>b) (iii); (i) ; (ii) ; (iv)</td></tr><tr><td>c) (iii) ; (ii) ; (i); (iv)</td><td>d) (ii); (iii); (iv); (i)</td></tr></table>		a) (i); (iii) ; (iv) ; (ii)	b) (iii); (i) ; (ii) ; (iv)	c) (iii) ; (ii) ; (i); (iv)	d) (ii); (iii); (iv); (i)	1
a) (i); (iii) ; (iv) ; (ii)	b) (iii); (i) ; (ii) ; (iv)						
c) (iii) ; (ii) ; (i); (iv)	d) (ii); (iii); (iv); (i)						
12.	If 10,000 shares of ₹10 each were forfeited for non-payment of final call money of ₹ 3 per share and only 7,000 shares were re-issued @ ₹ 11 per share as fully paid up, then what is the amount of maximum possible discount that company can allow at the time of re-issue of the remaining 3,000 shares? <table><tr><td>a) ₹ 28,000</td><td>b) ₹ 21,000</td></tr><tr><td>c) ₹ 9,000</td><td>d) ₹ 16,000</td></tr></table>		a) ₹ 28,000	b) ₹ 21,000	c) ₹ 9,000	d) ₹ 16,000	1
a) ₹ 28,000	b) ₹ 21,000						
c) ₹ 9,000	d) ₹ 16,000						
13.	As per Companies Act 2013, Securities Premium Balance can be utilised for which of the following purpose? <table><tr><td>a) Issuing bonus to existing shareholders to convert partly paid up into fully paid-up bonus shares.</td><td>b) Providing for Premium payable on Redemption of Debentures.</td></tr><tr><td>c) Writing off all Capitalised Expenditures</td><td>d) Buy Back of Debentures</td></tr></table>		a) Issuing bonus to existing shareholders to convert partly paid up into fully paid-up bonus shares.	b) Providing for Premium payable on Redemption of Debentures.	c) Writing off all Capitalised Expenditures	d) Buy Back of Debentures	1
a) Issuing bonus to existing shareholders to convert partly paid up into fully paid-up bonus shares.	b) Providing for Premium payable on Redemption of Debentures.						
c) Writing off all Capitalised Expenditures	d) Buy Back of Debentures						
14.	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				
15.	Green and Orange are partners. Green draws a fixed amount at the beginning of every month. Interest on drawings is charged @8% p.a. At the end of the year interest on Green's drawings amounts to ₹ 2,600. Monthly drawings of Green were: a) ₹ 8,000		1				

	<p>b) ₹ 60,000 c) ₹ 7,000 d) ₹ 5,000</p> <p style="text-align: center;">Or</p> <p>Girdhar, a partner withdrew ₹ 5,000 in the beginning of each quarter and interest on drawings was calculated as ₹ 1,500 at the end of accounting year 31 March 2022. What is the rate of interest on drawings charged?</p> <p>a) 6% p.a. b) 8% p.a. c) 10% p.a. d) 12% p.a.</p>	
16.	<p>At the time of dissolution of a firm, Creditors are ₹ 70,000; Firm's Capital is ₹ 1,20,000; Cash Balance is ₹ 10,000. Other assets realised ₹ 1,50,000. Gain/Loss in the realisation account will be:</p> <p>a) ₹ 30,000 (Gain) b) ₹ 40,000 (Gain) c) ₹ 40,000 (Loss) d) ₹ 30,000 (Loss)</p>	1
17.	<p>Nirmala, Divisha and Sara were partners in a firm sharing profits and losses in the 3:4:3. Books were closed on 31st March every year. Sara died on 1st February, 2022. As per the partnership deed Sara's executors are entitled to her share of profit till the date of death on the basis of Sales turnover. Sales for the year ended 31st March 2021 was ₹ 10,00,000 and profit for the same year was ₹ 1,20,000. Sales show a positive trend of 20% and percentage of profit earning is reduced by 2%. Journalise the transaction along with the working notes.</p>	3
18.	<p>Amay, Anmol and Rohan entered into partnership on 1st July, 2021 to share profits and losses in the ratio of 3:2:1. Amay guaranteed that Rohan's share of profit after charging interest on capital @ 6% p.a would not be less than ₹ 36,000 p.a. Their fixed capital balances are: ₹ 2,00,000, ₹ 1,00,000 and ₹ 1,00,000 respectively. Profit for the year ended 31st March, 2022 was ₹1,38,000. Prepare Profit and Loss Appropriation A/c.</p> <p style="text-align: center;">Or</p> <p>Ajay, Manish and Sachin were partners sharing profits in the ratio 5:3:2. Their Capitals were ₹ 6,00,000; ₹ 8,00,000 and ₹ 11,00,000 as on April 01, 2021. As per Partnership deed, Interest on Capitals were to be provided @ 10% p.a. For the year ended March 31, 2022, Profits of ₹ 2,00,000 were distributed without providing for Interest on Capitals. Pass an adjustment entry and show the workings clearly.</p>	3

19.	<p>Anthony Ltd. issued 20,000, 9% Debentures of ₹ 100 each at 10% discount to Mithoo Ltd. from whom Assets of ₹ 23,50,000 and Liabilities of ₹ 6,00,000 were taken over. Pass entries in the books of Anthony Ltd. if these debentures were to be redeemed at 5% premium.</p> <p style="text-align: center;">Or</p> <p>Random Ltd. took over running business of Mature Ltd. comprising of Assets of ₹ 45,00,000 and Liabilities of ₹ 6,40,000 for a purchase consideration of ₹ 36,00,000. The amount was settled by bank draft of ₹ 1,50,000 and balance by issuing 12% preference shares of ₹ 100 each at 15% premium. Pass entries in the books of Random Ltd.</p>	3								
20.	<p>Doremon, Shinschan and Nobita are partners sharing profits and losses in the ratio of 3:2:1. With effect from 1st April, 2022 they agree to share profits equally. For this purpose, goodwill is to be valued at two year's purchase of the average profit of last four years which were as follows:</p> <table><tr><td>Year ending on 31st March,2019</td><td>₹ 50,000 (Profit)</td></tr><tr><td>Year ending on 31st March,2020</td><td>₹ 1,20,000 (Profit)</td></tr><tr><td>Year ending on 31st March,2021</td><td>₹ 1,80,000 (Profit)</td></tr><tr><td>Year ending on 31st March,2022</td><td>₹ 70,000 (Loss)</td></tr></table> <p>On 1st April, 2021 a Motor Bike costing ₹ 50,000 was purchased and debited to travelling expenses account, on which depreciation is to be charged @ 20% p.a by Straight Line Method. The firm also paid an annual insurance premium of ₹ 20,000 which had already been charged to Profit and Loss Account for all the years.</p> <p>Journalise the transaction along with the working notes.</p>	Year ending on 31st March,2019	₹ 50,000 (Profit)	Year ending on 31st March,2020	₹ 1,20,000 (Profit)	Year ending on 31st March,2021	₹ 1,80,000 (Profit)	Year ending on 31st March,2022	₹ 70,000 (Loss)	3
Year ending on 31st March,2019	₹ 50,000 (Profit)									
Year ending on 31st March,2020	₹ 1,20,000 (Profit)									
Year ending on 31st March,2021	₹ 1,80,000 (Profit)									
Year ending on 31st March,2022	₹ 70,000 (Loss)									
21.	<p>Altaur Ltd. was registered with an authorised Capital of ₹ 4,00,00,000 divided in 25,00,000 Equity Shares of ₹ 10 each and 1,50,000, 9% Preference Shares of ₹ 100 each. The company issued 8,00,000 Equity Shares for public subscription at 20% premium, payable ₹ 3 on application; ₹ 7 on allotment (including premium) and balance on call. Public had applied for 10,00,000 shares. Excess Applications were sent letters of regret.</p> <p>All the dues on allotment received except on 15,000 shares held by Sanju. Another shareholder Rocky paid his call dues along with allotment on his holding of 25,000 shares. You are required to prepare the Balance Sheet of the company as per Schedule III of Companies Act, 2013, showing Share Capital balance and also prepare Notes to Accounts.</p>	4								
22.	<p>Charu, Dhvani, Iknoor and Paavni were partners in a firm. They had entered into partnership firm last year only, through a verbal agreement. They contributed Capitals in the firm and to meet other financial requirements, few partners also provided loan to the firm. Within a year, their conflicts arisen due</p>	4								

	<p>to certain disagreements and they decided to dissolve the firm. The firm had appointed Ms. Kavya, who is a financial advisor and legal consultant, to carry on the dissolution process. In the first instance, Ms. Kavya had transferred various assets and external liabilities to Realisation A/c. Due to her busy schedule; Ms. Kavya has delegated this assignment to you, being an intern in her firm. On the date of dissolution, you have observed the following transactions:</p> <p>(i) Dhvani's Loan of ₹ 50,000 to the firm was settled by paying ₹ 42,000.</p> <p>(ii) Paavni's Loan of ₹ 40,000 was settled by giving an unrecorded asset of ₹ 45,000.</p> <p>(iii) Loan to Charu of ₹ 60,000 was settled by payment to Charu's brother loan of the same amount.</p> <p>(iv) Iknor's Loan of ₹ 80,000 to the firm and she took over Machinery of ₹ 60,000 as part payment.</p> <p>You are required to pass necessary entries for all the above mentioned transactions.</p>	
23.	<p>OTUA Ltd. was registered with an authorised capital of 2,00,000 equity shares of ₹ 100 each. The company offered 60,000 shares for public subscription at 25% premium. The share was payable as ₹ 40 on application and balance on allotment, with premium. Public had applied for 85,000 shares. Pro-rata allotment was made in the ratio of 5:4 and remaining applications were sent letters of regret.</p> <p>Mr. Anand holding 4,000 shares failed to pay allotment money and his shares were forfeited. Out of these 3,000 shares were re-issued at a discount of ₹ 20 per share. Pass necessary entries in the books of the OTUA Ltd.</p> <p style="text-align: center;">Or</p> <p>Pass entries for forfeiture and re-issue in both the following cases.</p> <p>(a) Vikram Ltd. forfeited 5,000 shares of Rahul, who had applied for 6,000 shares for non-payment of allotment money of ₹ 5 per share and first and final call of ₹ 2 per share. Only application money of ₹ 3 was paid by him. Out of these 3,000 shares were re-issued @ ₹ 12 per share as fully paid.</p> <p>(b) Ratan Ltd. forfeited 3,000 shares of ₹ 10 each (issued at ₹ 2 premium) for non-payment of first call of ₹ 2 per share. Final call of ₹ 3 per share was not yet made. Out of these 2,000 shares were re-issued at ₹ 10 per share as fully paid.</p>	6
24.	<p>X and Y were partners in the profit-sharing ratio of 3: 2. Their balance sheet as at March 31, 2022 was as follows:</p>	6

Balance Sheet as at March 31, 2022

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	56,000	Plant and Machinery	70,000
General Reserve	14,000	Buildings	98,000
Capital Accounts:		Stock	21,000
X 1,19,000		Debtors 42,000	
Y 1,12,000	2,31,000	(-)Provision 7,000	35,000
		Cash in Hand	77,000
	3,01,000		3,01,000

Z was admitted for 1/6th share on the following terms:

- (i) Z will bring ₹ 56,000 as his share of capital, but was not able to bring any amount to compensate the sacrificing partners.
- (ii) Goodwill of the firm is valued at ₹. 84,000.
- (iii) Plant and Machinery were found to be undervalued by ₹ 14,000 Building was brought up to ₹ 1,09,000.
- (iv) All debtors are good.
- (v) Capitals of X and Y will be adjusted on the basis of Z's share and adjustments will be done by opening necessary current accounts.

You are required to prepare revaluation account and partners' capital account.

Or

P, Q and R were partners in a firm sharing profits in the ratio of 3:2:1 respectively. On March 31st, 2022, the balance sheet of the firm stood as follows:

Balance Sheet

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	13,000	Cash	4,700
Bills Payable	590	Debtors	8,000
Capital Accounts:		Stock	11,690
P 15,000		Buildings	23,000
Q 10,000		Profit and Loss Account	1,200
R 10,000	35,000		
	48,590		48,590

Q retired on the above-mentioned date on the following terms:

- (i) Buildings to be appreciated by ₹7,000
- (ii) A provision for doubtful debts to be made at 5 % on debtors.
- (iii) Goodwill of the firm is valued at ₹ 18,000 and adjustment to be made by raising and writing off the goodwill.
- (iv) ₹ 2,800 was to be paid to Q immediately and the balance in his capital account to be transferred to his loan account carrying interest as per the agreement.
- (v) Remaining partner decided to maintain equal capital balances, by opening current account.

	Prepare the revaluation account and partner's capital accounts.																															
25.	A, B and C were partners sharing P&L in the ratio 5:3:2. A died on 30th June, 2019. Entry for treatment of goodwill after his death was passed as follows:- <table border="1"><thead><tr><th>Date</th><th>Particulars</th><th>L.F</th><th>Debit (₹)</th><th>Credit (₹)</th></tr></thead><tbody><tr><td></td><td>B's Capital A/c Dr.</td><td></td><td>1,80,000</td><td></td></tr><tr><td></td><td>C's Capital A/c Dr.</td><td></td><td>1,20,000</td><td></td></tr><tr><td></td><td> To A's Capital A/c</td><td></td><td></td><td>3,00,000</td></tr><tr><td></td><td colspan="5">(Entry for goodwill treatment passed at the time of death of partner)</td></tr></tbody></table> <p>A's profit till date of death was estimated as ₹ 1,20,000, based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as ₹ 8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him Furniture valued for the same and balance was to be paid in three equal annual instalments starting from 30 June, 2020, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932.. Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors account till final settlement.</p>					Date	Particulars	L.F	Debit (₹)	Credit (₹)		B's Capital A/c Dr.		1,80,000			C's Capital A/c Dr.		1,20,000			To A's Capital A/c			3,00,000		(Entry for goodwill treatment passed at the time of death of partner)					6
Date	Particulars	L.F	Debit (₹)	Credit (₹)																												
	B's Capital A/c Dr.		1,80,000																													
	C's Capital A/c Dr.		1,20,000																													
	To A's Capital A/c			3,00,000																												
	(Entry for goodwill treatment passed at the time of death of partner)																															
26.	Health2Wealth Ltd. had share capital of ₹ 80,00,000 divided in shares of ₹ 100 each and 20,000, 8% Debentures of ₹ 100 each as part of capital employed. The company need additional funds of ₹ 55,00,000 for which they decided to issue debentures in such a way that they got required funds after issuing debentures of the same class as earlier, at 10% premium. These debentures were to be redeemed at 20% premium after 4 years. These debentures were issued on 01 October, 2021. You are required to (a) Pass entries for issue of Debentures. (b) Prepare Loss on Issue of Debentures Account assuming there was existing balance of Securities Premium Account of ₹ 2,80,000. (c) Pass entries for Interest on debentures on March 31, 2022 assuming interest is payable on 30 September and 31 March every year.					6																										
<p style="text-align: center;">Part B :- Analysis of Financial Statements (Option – I)</p>																																
27.	Financial statements are prepared on certain basic assumptions (pre-requisites) known as _____. <table border="1"><tbody><tr><td>a) Provision of Companies Act,2013</td><td>b) Accounting Standards</td></tr><tr><td>c) Postulates</td><td>d) Basis of Accounting</td></tr></tbody></table> <p style="text-align: center;">Or</p> <p>Which one of the following is correct?</p>					a) Provision of Companies Act,2013	b) Accounting Standards	c) Postulates	d) Basis of Accounting	1																						
a) Provision of Companies Act,2013	b) Accounting Standards																															
c) Postulates	d) Basis of Accounting																															

	<div><div><div>(i) Quick Ratio can be more than Current Ratio.</div><div>(ii) High Inventory Turnover ratio is good for the organisation, except when goods are bought in small lots or sold quickly at low margins to realise cash.</div><div>(iii) Sum of Operating Ratio and Operating Profit ratio is always 100%.</div></div><div><div><div>a) All are correct.</div><div>b) Only (i) and (iii) are correct.</div></div><div><div>c) Only (ii) and (iii) are correct.</div><div>d) Only (i) and (ii) are correct</div></div></div></div>	
28.	<div>From the following calculate Interest coverage ratio Net profit after tax Rs 12,00,000; 10% debentures Rs 1,00,00,000; Tax Rate 40%</div> <div><div><div>a) 1.2 times</div><div>b) 3 times</div></div><div><div>c) 2 times</div><div>d) 5 times</div></div></div>	1
29.	<div>Insurance Claim received by Albert Co. Ltd. of ₹ 5,00,000 for Loss of Machinery due to theft will be recorded in Cash Flow Statement in which of the following manner?</div> <div><div><div>a) Added under Operating Activities as Extraordinary Item and Subtracted from Operating Activities also.</div><div>b) Subtracted under Operating Activities as Extraordinary Item and Added to Operating Activities also.</div></div><div><div>c) Added under Operating Activities as Extraordinary Item and Outflow under Investing Activity also.</div><div>d) Subtracted under Operating Activities as Extraordinary Item and Inflow under Investing Activities also.</div></div></div> <div>Or</div> <div>A company issued 20,000; 9% Debentures of ₹ 100 each at 10% Discount. These debentures were to be redeemed at 15% Premium at the end of 5 years. The balance in Securities Premium Account as on the date of Issue was ₹ 3,70,000. How this transaction will be reflected in Cash Flow Statement?</div> <div><div><div>a) Added ₹ 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 20,00,000 under Financing Activities.</div><div>b) Added ₹ 5,00,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 18,00,000 under Financing Activities.</div></div><div><div>c) Added ₹ 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 18,00,000 under Financing Activities.</div><div>d) Added ₹ 5,00,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 20,00,000 under Financing Activities.</div></div></div>	1
30.	From the following information find out the inflow of Cash by sale of Office	1

	<div>equipment's</div> <table><tr><td></td><td>31st March, 2022</td><td>31st March, 2021</td></tr><tr><td>Office Equipment</td><td>₹ 2,00,000</td><td>₹ 3,00,000</td></tr></table> <div>Additional Information: Depreciation for the year 2021-22 was Rs. 40,000 Purchase of Office Equipment purchased during the year Rs. 30,000 Part of Office Equipment sold at a profit of Rs. 12,000</div> <table><tr><td>a) ₹ 1,00,000</td><td>b) ₹ 1,02,000</td></tr><tr><td>c) ₹ 90,000</td><td>d) ₹ 1,12,000</td></tr></table>		31st March, 2022	31st March, 2021	Office Equipment	₹ 2,00,000	₹ 3,00,000	a) ₹ 1,00,000	b) ₹ 1,02,000	c) ₹ 90,000	d) ₹ 1,12,000	
	31st March, 2022	31st March, 2021										
Office Equipment	₹ 2,00,000	₹ 3,00,000										
a) ₹ 1,00,000	b) ₹ 1,02,000											
c) ₹ 90,000	d) ₹ 1,12,000											
31.	<div>Classify the following items under Major heads and Sub-head (if any) in the Balance Sheet of a Company as per schedule III of the Companies Act 2013.</div> <div>(i) Current maturities of long term debts (ii) Furniture and Fixtures (iii) Provision for Warranties (iv) Income received in advance (v) Capital Advances (vi) Advances recoverable in cash within the operation cycle</div>	3										
32.	<div>Lala Ltd. and Bala Ltd. use different accounting policies for inventory valuation. These variations leave a big question mark on the cross-sectional analysis and comparison of these two firms was not possible.</div> <div>Identify the limitation of Ratio Analysis highlighted in the above situation. Also explain any two other limitations of Ratio Analysis apart from the identified above.</div>	3										
33.	<div>Determine Return on Investment and Net Assets Turnover ratio from the following information:-</div> <div>Profits after Tax were ₹ 6,00,000; Tax rate was 40%; 15% Debentures were of ₹20,00,000; 10% Bank Loan was ₹ 20,00,000; 12% Preference Share Capital ₹ 30,00,000; Equity Share Capital ₹ 40,00,000 ; Reserves and Surplus were ₹ 10,00,000; Sales ₹ 3,75,00,000 and Sales Return ₹ 15,00,000.</div> <div>Or</div> <div>Debt to Capital Employed ratio is 0.3:1. State whether the following transactions, will improve, decline or will have no change on the Debt to Capital Employed Ratio. Also give reasons for the same.</div> <div>(i) Sale of Equipments costing ₹ 10,00,000 for ₹ 9,00,000. (ii) Purchased Goods on Credit for ₹ 1,00,000 for a credit of 15 months, assuming operating cycle is of 18 months. (iii) Conversion of Debentures into Equity Shares of ₹ 2,00,000.</div>	4										

	(iv) Tax Refund of ₹ 50,000 during the year.																																																
34.	<p>Read the following hypothetical text and answer the given questions on the basis of the same:</p> <p>Aashna, an alumnus of CBSE School, initiated her start up Smartpay, in 2015. Smartpay is a service platform that processes payments via UPI and POS, and provides credit or loans to their clients.. During the year 2021-22, Smartpay issued bonus shares in the ratio of 5:1 by capitalising reserves. The profits of Smartpay in the year 2021-22 after all appropriations was ₹ 7,50,000. This profit was arrived after taking into consideration the following items: -</p> <table><tr><td>Particulars</td><td>Amount (₹)</td></tr><tr><td>Interim Dividend paid during the year</td><td>90,000</td></tr><tr><td>Depreciation on Machinery</td><td>40,000</td></tr><tr><td>Loss of Machinery due to fire</td><td>20,000</td></tr><tr><td>Insurance claim received for Loss of Machinery due to Fire</td><td>10,000</td></tr><tr><td>Interest on Non-Current Investments received</td><td>30,000</td></tr><tr><td>Tax Refund</td><td>20,000</td></tr></table> <p>Additional Information:</p> <table><tr><td>Particulars</td><td>31.3.22 (₹)</td><td>31.3. 21(₹)</td></tr><tr><td>Equity Share Capital</td><td>12,00,000</td><td>10,00,000</td></tr><tr><td>Securities Premium Account</td><td>3,00,000</td><td>5,00,000</td></tr><tr><td>General Reserve</td><td>1,50,000</td><td>1,50,000</td></tr><tr><td>Investment in Marketable Securities</td><td>1,50,000</td><td>1,00,000</td></tr><tr><td>Cash in hand</td><td>2,00,000</td><td>3,00,000</td></tr><tr><td>Machinery</td><td>3,00,000</td><td>2,00,000</td></tr><tr><td>10% Non-Current Investments</td><td>4,00,000</td><td>3,00,000</td></tr><tr><td>Bank Overdraft</td><td>2,50,000</td><td>2,00,000</td></tr><tr><td>Goodwill</td><td>30,000</td><td>80,000</td></tr><tr><td>Provision for Tax</td><td>80,000</td><td>60,000</td></tr></table> <p>(i) Goodwill purchased during the year was ₹ 20,000.</p> <p>(ii) Proposed Dividend for the year ended March 31, 2021 was ₹ 1,60,000 and for the year ended March 31,2022 was ₹ 2,00,000.</p> <p>You are required to:</p> <ol style="list-style-type: none">1. Calculate Net Profit before tax and extraordinary items.2. Calculate Operating profit before working capital changes.3. Calculate Cash flow from Investing activities.4. Calculate Cash flow from Financing activities.5. Calculate closing cash and cash equivalents.	Particulars	Amount (₹)	Interim Dividend paid during the year	90,000	Depreciation on Machinery	40,000	Loss of Machinery due to fire	20,000	Insurance claim received for Loss of Machinery due to Fire	10,000	Interest on Non-Current Investments received	30,000	Tax Refund	20,000	Particulars	31.3.22 (₹)	31.3. 21(₹)	Equity Share Capital	12,00,000	10,00,000	Securities Premium Account	3,00,000	5,00,000	General Reserve	1,50,000	1,50,000	Investment in Marketable Securities	1,50,000	1,00,000	Cash in hand	2,00,000	3,00,000	Machinery	3,00,000	2,00,000	10% Non-Current Investments	4,00,000	3,00,000	Bank Overdraft	2,50,000	2,00,000	Goodwill	30,000	80,000	Provision for Tax	80,000	60,000	6
Particulars	Amount (₹)																																																
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**Part B :- Computerised Accounting
(Option – II)**

<p>27.</p>	<p>The syntax of PMT Function is _____</p> <p>(a) PMT (rate, pv, nper, [fv], [type]) (b) PMT (rate, nper, pv, [fv], [type]) (c) PMT (rate, pv, nper, [type], [fv]) (d) PMT (rate, nper, pv, [type], [fv])</p> <p style="text-align: center;">Or</p> <p>In Excel, the chart tools provide three different options _____, _____ and _____ for formatting.</p> <p>(a) Layout, Format, DataMaker (b) Design, Layout, Format (c) Format, Layout, Label (d) Design, DataMaker, Layout</p>	<p style="text-align: center;">1</p>
<p>28.</p>	<p>Which formulae would result in TRUE if C4 is less than 10 and D4 is less than 100?</p> <p>(a) =AND(C4>10, D4>10) (b) =AND(C4>10, C4<100). (c) =AND(C4>10, D4<10). (d) =AND (C4<10, D4,100)</p>	<p style="text-align: center;">1</p>
<p>29.</p>	<p>Which function results can be displayed in Auto Calculate?</p> <p>(a) SUM and AVERAGE (b) MAX and LOOK (c) LABEL and AVERAGE (d) MIN and BLANK</p> <p style="text-align: center;">Or</p> <p>When navigating in a workbook, which command is used to move to the beginning of the current row?</p> <p>(a) [Ctrl]+[Home] (b) [Page Up] (c) [Home] (d) [Ctrl]+[Backspace]</p>	<p style="text-align: center;">1</p>
<p>30.</p>	<p>What category of functions is used in this formula: =PMT (C10/12, C8, C9,1)</p> <p>(a) Logical (b) Financial</p>	<p style="text-align: center;">1</p>

	(c) Payment (d) Statistical	
31.	State any three types of Accounting Vouchers used for entry in Tally software.	3
32.	State any three requirements which should be considered before making an investing decision to choose between 'Desktop database' or 'Server database'.	3
33.	<p>State the features of Computerized Accounting system.</p> <p style="text-align: center;">Or</p> <p>Explain the use of 'Conditional Formatting'.</p>	4
34.	Describe two basic methods of charging depreciation. Differentiate between both of them.	6

Practice Questions - ANSWER KEY
2022-23
SUBJECT ACCOUNTANCY 055
CLASS XII

Q.No	Question	Marks
	Part A	
	(Accounting for Partnership Firms and Companies)	
Q.1	D. Ostensible Partner	1
Q.2	A. A Debit of Rs.6,00,000 towards Alex's salary.	1
Q.3	C. Observations 1 & 2	1
Q.4	A. Goodwill is to be calculated for Incident 1, Incident 2 and Incident 3.	1
Q.5	A. Offer 1	1
Q.6	B. Poornima's share of profits in both the firms is equal	1
Q.7	A. Rs.12,00,000 , Rs.28,00,000 Rs.10,00,000	1
Q.8	B. Rs.2.16,000 & Rs,1,44,000	1
Q.9	C. 1, 2 & 2	1
Q.10	A. Rs.1,60,000 , Rs.80,000 & Rs.60,000	1

Q.1 1	A. Debit of Rs.4,500 each in Anusha and Vasu Capital accounts.			1																																
Q.1 2	A. She can be assured of interest on loan even case of loss.			1																																
Q.1 3	A. Rs.4,000 and Rs.20,000 respectively			1																																
Q.1 4	D. Reject some of the applications, allot in full to some of the applications and make pro-rata allotment to remaining applicants			1																																
Q.1 5	A. Increase in capital redemption reserve by Rs.75,000 OR A. The amount of application money received is at least Rs.500			1																																
Q.1 6	B. 300			1																																
Q.1 7	<table><tr><th>Sl.No.</th><th>Particulars</th><th>Apoorva</th><th>Sindhu</th></tr><tr><td>A</td><td>Their existing shares</td><td>1/2</td><td>1/5</td></tr><tr><td>B</td><td>Share acquired by remaining partners</td><td>2/3 x 3/10 = 2/10</td><td>1/3 x 3/10 = 1/10</td></tr><tr><td>C</td><td>New shares of remaining partners (c= a + b)</td><td>7/10</td><td>3/10</td></tr><tr><td>D</td><td>Share gifted by Apoorva</td><td>1/2 x 1/4 = 1/8</td><td>0</td></tr><tr><td>E</td><td>Share acquired by Aarush (other than gift)</td><td>1/2 x 1/8 = 1/16</td><td>1/2 x 1/8 = 1/16</td></tr><tr><td>F</td><td>New Shares (c – d - e)</td><td>41/80</td><td>19/80</td></tr><tr><td colspan="2">New ratio of Apoorva , Sindhu and Aarush</td><td colspan="2">41/80 : 19/80 : 20/80 = 41 : 19 : 20</td></tr></table>			Sl.No.	Particulars	Apoorva	Sindhu	A	Their existing shares	1/2	1/5	B	Share acquired by remaining partners	2/3 x 3/10 = 2/10	1/3 x 3/10 = 1/10	C	New shares of remaining partners (c= a + b)	7/10	3/10	D	Share gifted by Apoorva	1/2 x 1/4 = 1/8	0	E	Share acquired by Aarush (other than gift)	1/2 x 1/8 = 1/16	1/2 x 1/8 = 1/16	F	New Shares (c – d - e)	41/80	19/80	New ratio of Apoorva , Sindhu and Aarush		41/80 : 19/80 : 20/80 = 41 : 19 : 20		3
Sl.No.	Particulars	Apoorva	Sindhu																																	
A	Their existing shares	1/2	1/5																																	
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New ratio of Apoorva , Sindhu and Aarush		41/80 : 19/80 : 20/80 = 41 : 19 : 20																																		

	<p>Apoorva's share of profit in the original partnership = 0.5</p> <p>Apoorva's share of profits in the new partnership = 0.51</p> <p>There is a negligible change in Apoorva's share of profit as compared to the original profit sharing ratio and hence, Sindhu' s claim is incorrect.</p>					
Q.1 8	<p>- All the partners are jointly and severally responsible. Hence all the partners are responsible to pay for the compensation. – Mutual agency</p> <p>There is no distinction between the partners and the partnership firm (No separate legal entity), unlike the company and its shareholders. Since the total assets of the firm (total of capitals) is insufficient to cover the compensation in full, the shortfall shall be met using personal assets of the partners.</p>	3				
OR	<p>Journals for</p> <p>1.Transfer of assets</p> <p>2. transfer of liabilities</p> <p>3. Realisation of assets</p> <p>4. settlement of liabilities</p> <p>5. Transfer of loss</p> <p>6. Transfer of general reserve to partners capital account in profit sharing ratio.</p>	3				
Q.1 9	<p>Presentation under fluctuating capital system</p> <table><tr><td></td><td>Fluctuating capital system</td></tr><tr><td></td><td>Capital account</td></tr></table>		Fluctuating capital system		Capital account	3
	Fluctuating capital system					
	Capital account					

Dr					Cr				
Date	Particulars	Rashmi Rs	Hari Rs	Maya Rs	Date	Particulars	Rashmi Rs	Hari Rs	Maya Rs
XX	Withdrawal of capital	-	-	55,000	XX	Opening capital	2,50,000	1,35,000	3,50,000
XX	Share of profits	28,000	28,000	28,000	XX	Addition of capital	25,000	35,000	-
XX	Balance c/f	2,47,000	1,42,000	2,67,000					
		<u>2,75,000</u>	<u>1,70,000</u>	<u>3,50,000</u>			<u>2,75,000</u>	<u>1,70,000</u>	<u>3,50,000</u>

The balances of all the partners shall be presented on the liabilities side of the balance sheet under the head partners capital.

Fixed capital System

Fixed capital account									
Dr					Cr				
Date	Particulars	Rashmi Rs	Hari Rs	Maya Rs	Date	Particulars	Rashmi Rs	Hari Rs	Maya Rs
XX	Withdrawal of capital	-	-	55,000	XX	Opening capital	2,50,000	1,35,000	3,50,000
XX	Balance c/f	2,75,000	1,70,000	2,95,000	XX XX	Addition of capital	25,000	35,000	-
		<u>2,75,000</u>	<u>1,70,000</u>	<u>3,50,000</u>			<u>2,75,000</u>	<u>1,70,000</u>	<u>3,50,000</u>

Current capital account									
Dr					Cr				
Date	Particulars	Rashmi Rs	Hari Rs	Maya Rs	Date	Particulars	Rashmi Rs	Hari Rs	Maya Rs
XX	Share of profits	28,000	28,000	28,000	XX	Balance c/f	28,000	28,000	28,000

	<div><div><div>28,000</div><div>28,000</div><div>28,000</div></div><div><div>28,000</div><div>28,000</div><div>28,000</div></div></div>																																														
	The fixed capital of all the partners shall be presented on the liabilities side of the balance sheet under the head partners fixed capital. The current capital of all the partners shall be presented on the asset side of the balance sheet under the head Partners’ current capital.																																														
OR	<p>The account is not correct as the rate of interest used by her in the calculations are not in line with the rates of interest prescribed in Table F</p> <p>As per table F, rate of interest on calls in arrears is 12%.</p> <p>As per Table F, rate of interest on calls in advance is 10%</p> <p>Interest on calls in arrears – Rs. 840</p> <p>Interest on calls in advance – Rs. 3,292</p>	3																																													
Q.20	<table><tr><th>Sl.no</th><th>Particulars</th><th>Case 1</th><th>Case 2</th><th>Case 3</th></tr><tr><td>A</td><td>Minimum issue</td><td>19,500</td><td>19,500</td><td>19,500</td></tr><tr><td></td><td>65,000-45,500</td><td></td><td></td><td></td></tr><tr><td>B</td><td>Premium receivable on minimum issue (If any)</td><td>5,850</td><td>-</td><td>-</td></tr><tr><td>C</td><td>Existing Securities premium</td><td>1,000</td><td>1,000</td><td>1,000</td></tr><tr><td>D</td><td>Total Securities premium</td><td>6,850</td><td>1,000</td><td>1,000</td></tr><tr><td>E</td><td>Premium payable on redemption</td><td>6,500</td><td>6,500</td><td>6,500</td></tr><tr><td>F</td><td>Difference (E-D)</td><td>-350</td><td>5,500</td><td>5,500</td></tr><tr><td></td><td>Number of shares to be issued = (A+B+F)/Issue price</td><td>1,923</td><td>3,125</td><td>2,500</td></tr></table>	Sl.no	Particulars	Case 1	Case 2	Case 3	A	Minimum issue	19,500	19,500	19,500		65,000-45,500				B	Premium receivable on minimum issue (If any)	5,850	-	-	C	Existing Securities premium	1,000	1,000	1,000	D	Total Securities premium	6,850	1,000	1,000	E	Premium payable on redemption	6,500	6,500	6,500	F	Difference (E-D)	-350	5,500	5,500		Number of shares to be issued = (A+B+F)/Issue price	1,923	3,125	2,500	3
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Q.2 3	<p>Computing Income from Skyline – 1 mark</p> <p>Compute Monica’s share of profit – Rs.3,59,559</p> <p>Compute interest on Monica’s balance – Rs.22,032</p> <p>The higher of the two shall be her income.</p> <p>Journal in Skyline books – 1 mark</p> <p>Monica A/c – 3,59,559</p> <p style="padding-left: 40px;">To Bank - 3,59,559</p>	6																																

	(Being Monica’s share of profit paid)																																																				
	Balance to be funded by drawings/Loan = Rs.2,40,441 – 0.5 marks																																																				
	Interest on drawings = Rs.5,410 – 1 mark																																																				
	Interest on Loan = Rs.6,411.75 – 0.5 marks																																																				
	Drawings is a more economical alternative																																																				
	Journal entry for Drawings and interest on drawings – 2 marks																																																				
OR	<table><tr><th colspan="4">Profit and loss Appropriation Account</th></tr><tr><th>Dr</th><th></th><th></th><th>Cr</th></tr><tr><th>Particulars</th><th>Rs</th><th>Particulars</th><th>Rs</th></tr><tr><td>To Interest on capital</td><td>40,500</td><td>By Net Profit</td><td>5,49,091</td></tr><tr><td>Ramesh – 21,500</td><td></td><td>By Interest on drawings</td><td></td></tr><tr><td>Shekar - 19,000</td><td></td><td>(Ramesh)</td><td>780</td></tr><tr><td>To Salary (Ramesh)</td><td>3,36,000</td><td></td><td></td></tr><tr><td>To commission (Ramesh)</td><td>43,927</td><td></td><td></td></tr><tr><td>To Commission (Shekar)</td><td>11,697</td><td></td><td></td></tr><tr><td>To Profit transferred to</td><td>117,747</td><td></td><td></td></tr><tr><td>Ramesh – 58,873</td><td></td><td></td><td></td></tr><tr><td>Shekar – 58,874</td><td></td><td></td><td></td></tr></table>				Profit and loss Appropriation Account				Dr			Cr	Particulars	Rs	Particulars	Rs	To Interest on capital	40,500	By Net Profit	5,49,091	Ramesh – 21,500		By Interest on drawings		Shekar - 19,000		(Ramesh)	780	To Salary (Ramesh)	3,36,000			To commission (Ramesh)	43,927			To Commission (Shekar)	11,697			To Profit transferred to	117,747			Ramesh – 58,873				Shekar – 58,874				6
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	Computation of net profit. Manager’s salary, Commission and Rent are charges against the profit and not appropriations out of profits. Hence these items have been taken to compute net profit and not debited under the P&L Appropriation account.													
Q.2 4	<p>1 mark for each classification with appropriate explanation.</p> <p>1. – Dissolution of partnership – Insolvency of a partner OR Subject to contract between the partners, this could also result in dissolution of the firm – On the happening of certain contingencies. Students can choose either of the views.</p> <p>2. – Dissolution of the firm – Compulsory dissolution, when the business of the firm becomes illegal.</p> <p>3. - Dissolution of partnership – Completion of venture</p> <p>4. - Dissolution of partnership – Death of a partner OR Subject to contract between the partners, this could also result in dissolution of the firm – On the happening of certain contingencies. Students can choose either of the views.</p> <p>2 marks for stating any 2 distinctions.</p> <p>Termination of business</p> <p>Settlement of assets and liabilities</p>	6												

		<p>To Vendor A/c (Being the purchase of fixed assets from vendor)</p> <p>Vendor A/c Discount on Issue of Debentures A/c To 6% Debentures A/c (Being the issue of debentures of Rs. 12,50,000 to vendor to satisfy his claim)</p> <p>Bank A/c To Bank loan A/c (Being a loan of Rs.12,00,000 taken from bank by issuing debentures of Rs.12,50,000 as collateral security)</p>	<p>8,00,000</p> <p>8,00,000 4,50,000 12,50,000</p> <p>12,00,000</p> <p>12,00,000</p>		
	C				
	<p>No entry is made in the books of account of the company at the time of making issue of such debentures. In the Balance Sheet the fact that the debentures being issued as collateral security and outstanding are shown under the respective liability</p>				
or	<p>Working notes</p> <p>1 Total number of shares applied by Alex $8000 \times 80000 / 70000 = 9143$</p> <p>2 Amount due but not paid by Alex</p> <p>Application money received $9143 \times 6 = 54858$</p> <p>Application money due on share allotted 48000</p> <p>Excess application money 6858</p> <p>Allotment money due on shares allotted 48000</p>				6

	<p>Allotment money due but not received 41142</p> <p>3 Calculation of allotment money received later on</p> <p>Total allotment money due 240000</p> <p>Less: money already received during application stage 60000</p> <p>Less: Allotment money not received from Alex 41142</p> <p>138858</p>	
	Part B :- Analysis of Financial Statements Option -I	
Q.2 7	A. Cash from Operating activity	1
OR	A. Cash and cash equivalents decreased by Rs.17,10,000	1
Q.28	A. Quick ratio can be different from current ratio due to the presence of advance income tax payment	1
Q.2 9	A. Obtain discount from vendors	1
Q.3 0	<p>C. Zeus and Thor both are correct</p> <p>OR</p> <p>A. Decrease in inventory by Rs.25,000</p>	1
Q.3 1	<p>A. Food sells more quickly than luxury watches and belts</p> <p>OR Food is in greater demand than luxury watches and belts</p> <p>OR Food store will probably have a lower value of inventory due as it is perishable in nature OR Food is cheaper than clothing</p> <p>OR other reasonable answer</p>	3

	<p>B. Different type of goods EITHER Food has a lower gross profit margin than luxury watches and belts OR The food store is cutting prices to sell more goods OR other reasonable answer</p> <p>C. different accounting policies different size of business different type of goods sold other reasonable answer</p>									
Q32	<table><tr><td>1. Cashflow from Operating Activities</td><td>2635</td></tr><tr><td>2. Cash flow from Investing activities</td><td>105</td></tr><tr><td>3. Cash flow used in financing activities</td><td>-820</td></tr><tr><td>4. Cash and cash equivalents at the end of the period</td><td>2080</td></tr></table> <p>Adjustments to be made for</p> <p>Depreciation</p> <p>Flood relief</p> <p>Income tax paid</p> <p>Interest paid</p> <p>Dividend paid</p> <p>Share capital</p>	1. Cashflow from Operating Activities	2635	2. Cash flow from Investing activities	105	3. Cash flow used in financing activities	-820	4. Cash and cash equivalents at the end of the period	2080	3
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Q.3 3	<p>1. A cash flow statement when used along with other financial statements provides information that enables users to evaluate changes in net assets of an enterprise, its financial structure (including its liquidity and solvency) and its ability to affect the amounts and timings of cash flows in order to adapt to changing circumstances and opportunities.</p> <p>2. Cash flow information is useful in assessing the ability of the enterprise to generate cash and cash equivalents and enables users to develop models to assess and compare the present value of the future cash flows of different enterprises.</p> <p>3. It also enhances the comparability of the reporting of operating performance by different enterprises because it eliminates the effects of using different accounting treatments for the same transactions and events.</p> <p>4. It also helps in balancing its cash inflow and cash outflow, keeping in response to changing condition. It is also helpful in checking the accuracy of past assessments of future cash flows and in examining the relationship between profitability and net cash flow and impact of changing prices</p> <p>OR</p> <p>Neena should choose company A. Higher equity and lower debt indicates safety for the investor. A higher interest coverage ratio indicates higher safety of interest.</p> <p>Most suitable workings – Debt-equity ratio & Interest coverage ratio.</p> <p>Alternate workings - Total Assets to Debt ratio or proprietary ratio or Debt to capital employed and Interest coverage ratio</p> <p>Working notes</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Company A (Rs.)</th><th>Company B (Rs.)</th></tr> </thead> <tbody> <tr> <td>Debt-equity ratio</td><td>1.5 : 1</td><td>2.85 : 1</td></tr> <tr> <td>Total Assets to Debt ratio</td><td>1.73 : 1</td><td>1.37 : 1</td></tr> <tr> <td>proprietary ratio</td><td>0.38 : 1</td><td>0.26 : 1</td></tr> <tr> <td>Debt to capital employed ratio</td><td>0.6 : 1</td><td>0.74 : 1</td></tr> <tr> <td>Interest coverage ratio</td><td>4 times</td><td>1.35 times</td></tr> </tbody> </table>	Particulars	Company A (Rs.)	Company B (Rs.)	Debt-equity ratio	1.5 : 1	2.85 : 1	Total Assets to Debt ratio	1.73 : 1	1.37 : 1	proprietary ratio	0.38 : 1	0.26 : 1	Debt to capital employed ratio	0.6 : 1	0.74 : 1	Interest coverage ratio	4 times	1.35 times	4
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Q.3
4

6

			Percentage of Revenue from operations	
Particulars	2019 (Rs. '000)	2020 (Rs. '000)	2019	2020
Revenue from Operations	480000	760000	100%	100%
Direct expenses	192000	311600	40%	41%
Gross profit	288000	448400	60%	59%
Salary & Bonus	108000	201000	23%	26%
Freight cost	57600	212800	12%	28%
Other indirect costs	14400	22420	3%	3%
Net Profit	108000	12180	23%	2%

There is a profitability issue as the profit margins in 2020 is lower than the profit margins in 2019.

Therefore, the profit is less than budgeted.

The Gross profit has decreased by 1% in 2020 vis-à-vis 2019, this decrease is marginal and hence negligible.

Therefore, the profitability issue is not due to the increase in Direct cost. However, The direct costs should be monitored closely to avoid further decrease in Gross profit

The Net Profit has fallen sharply by 21% in 2020 vis-à-vis 2019.

The main cause for a sharp decline in net profit can be attributed to increase in indirect costs such as Freight Cost and Salary & Bonus.

The increase in Salary and Bonus in 2020 could be due to the bonus distributed to Mr.Sanjeeb, which sums upto 10%of the revenue

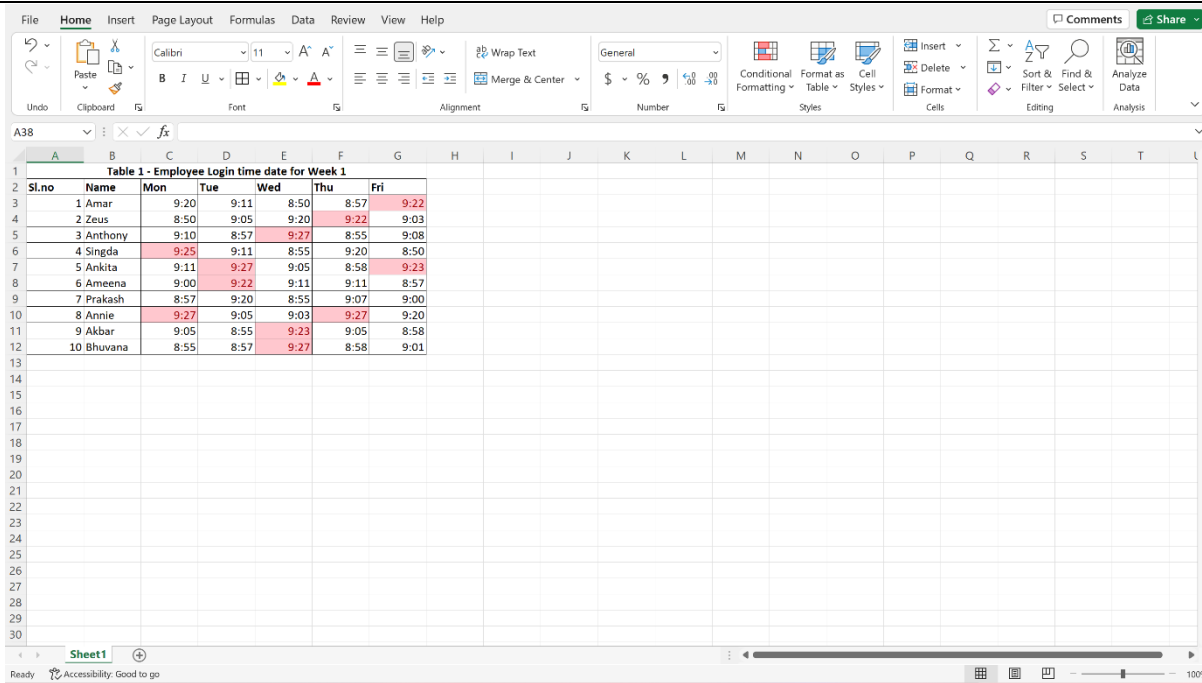
The freight cost has increased by 16% in 2020 vis-à-vis 2019 becoming the main reason for GAAL's profitability issues.

Solution

Award bonus to Mr.Sanjeeb based on Net profit of the company instead of revenue.
Identify reasons for increase in Freight cost and renegotiate the freight charges with the vendors.
Quarterly/Monthly review of financial performance to identify deviations from the budget.

Part B :- Computerised Accounting

Q27



Sl.no	Name	Mon	Tue	Wed	Thu	Fri
1	Amar	9:20	9:11	8:50	8:57	9:22
2	Zeus	8:50	9:05	9:20	9:22	9:03
3	Anthony	9:10	8:57	9:27	8:55	9:08
4	Singda	9:25	9:11	8:55	9:20	8:50
5	Ankita	9:11	9:27	9:05	8:58	9:23
6	Ameena	9:00	9:22	9:11	9:11	8:57
7	Prakash	8:57	9:20	8:55	9:07	9:00
8	Annie	9:27	9:05	9:03	9:27	9:20
9	Akbar	9:05	8:55	9:23	9:05	8:58
10	Bhuvana	8:55	8:57	9:27	8:58	9:01

A.

Q28

A. =COUNTIF(C10:G10,">9:15")

Q29

A. =IF(A1<=150,A1*500,(((A1-150)*800)+75000))

1

1

1

	OR A. #VALUE!																								
Q30	B. =SUM(A1:A5)/(10-10) OR A. A foreign key of a table should be the primary key of another table.			1																					
Q31	<table><tr><th>Sl.No</th><th>A</th><th>B</th></tr><tr><td>1</td><td>I am used to avoid changes in row or column references when a formula is moved or copied from one cell to another. Who am I?</td><td>Dollar (\$) - Absolute</td></tr><tr><td>2</td><td>A numerical value will be treated as text if the number is preceded by me</td><td>Apostrophe (')</td></tr><tr><td>3</td><td>I can be used to join text items to achieve the same result as a =CONCATENATE function</td><td>Ampersand (&)</td></tr><tr><td>4</td><td>I am a friend to an investor looking forward to collect his periodic interest</td><td>ACCRINT</td></tr><tr><td>5</td><td>I make it easy for you to calculate your periodic payment for an annuity</td><td>PMT</td></tr><tr><td>6</td><td>I am a friend to an investor looking to estimate his cumulative interest</td><td>CUMIPMT</td></tr></table>	Sl.No	A	B	1	I am used to avoid changes in row or column references when a formula is moved or copied from one cell to another. Who am I?	Dollar (\$) - Absolute	2	A numerical value will be treated as text if the number is preceded by me	Apostrophe (')	3	I can be used to join text items to achieve the same result as a =CONCATENATE function	Ampersand (&)	4	I am a friend to an investor looking forward to collect his periodic interest	ACCRINT	5	I make it easy for you to calculate your periodic payment for an annuity	PMT	6	I am a friend to an investor looking to estimate his cumulative interest	CUMIPMT			3
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Q32	Every accounting software ensures data security, safety and confidentiality. Therefore every, software should provide the following:			3																					

	<p>1.Password Security</p> <p>2. Data Audit</p> <p>3. Data Vault Password</p> <p>Security: Password is a mechanism, which enables a user to access a system including data. The system facilitates defining the user rights according to organisation policy. Consequently, a person in an organisation may be given access to a particular set of a data while he may be denied access to another set of data. Password is the key (code) to allow the access to the system.</p> <p>Data Audit: This feature enables one to know as to who and what changes have been made in the original data thereby helping and fixing the responsibility of the person who has manipulated the data and also ensures data integrity.</p> <p>Data Vault: Software provides additional security through data encryption</p>	
Q33	<p>DATA VALIDATION feature can be implemented in the Time Tracking sheets to resolve the above issue.</p> <p>Data validation is a feature to define restrictions on type of data entered into a cell. It can be used to configure data validation rules for cells data that will not allow users to enter invalid data, There may be warning messages when users tries to type wrong data in the cell. The messages also guide users to what input is expected for the cell, and instructions to correct any errors.</p> <p>This results in the data being accurate and consistent with the Billing database.</p> <p>A drop-down list can be created by predefining the Names of the employees, projects and clients, this ensures that the employees enter/choose accurate names thereby reducing inconsistencies.</p> <p>A Date and time validation feature can be introduced to ensure that the date and time is recorded only in the accepted date format.</p> <p>Hence, the Data Validation feature of excel can be used to resolve the inconsistency issues faced by the Billing department</p> <p style="text-align: center;">OR</p> <p>any 3</p>	4

	<p>A PivotTable report is an interactive way to quickly summarise large amounts of data. Use a PivotTable report to analyse numerical data in depth and to answer unanticipated questions about data. A PivotTable report designed for:</p> <ol style="list-style-type: none"> 1. Querying large amounts of data in user-friendly ways. Sub totalling and aggregating numeric data, summarising data by categories and subcategories, and creating custom calculations and formulas. 2. Expanding and collapsing levels of data to focus on results, and providing from details to the summary of data for areas of interest. 3. Moving rows to column or columns to rows (or “pivoting”) to see different summaries of the source data. 4. Filtering, sorting, grouping, and conditionally formatting the most useful and the interesting subset of data to enable us to focus on the information that we want. 5. Presenting concise, attractive, and annotated online or printed reports. 6. The use of a PivotTable report is to analyse related totals, when we have a long list of figures to sum and to compare several facts about each figure. 	
Q34	<p>A good and reliable CAS software should have the following 5 salient features</p> <p>1 SIMPLE AND INTEGRATED CAS</p> <p>CAS designed to automate and integrate all the business operations. The CAS should be integrated with enhanced MIS (Management Information System), Multi-lingual and Data Organisation capabilities to simplify all the business processes of the organisation easily and cost-effectively</p> <p>It may be simple for individual process but due to the lack of uniformity and compatibility with one another the overall CAS software is not simple and it cannot be integrated.</p> <p>2 TRANSPARENCY AND CONTROL</p> <p>CAS should increase data accessibility and enhances user satisfaction. With computerised accounting, the organisation should greater transparency for day-to-day business operations and access to the vital information.</p> <p>However, in this case CAS is accessible only by 5 employees, this severely restricts data accessibility and transparency</p> <p>3 ACCURACY AND SPEED</p>	6

	<p>CAS must provide user-definable templates (data entry screens or forms) for fast, accurate data entry of the transactions. It also helps in generalising desired documents and reports. In this case the new CAS is ensuring accuracy and speed individually for that particular business process.</p> <p>4 SCALABILITY</p> <p>CAS should enable change in the volume of data processing in tune with the change in the size of the business. The software can be used for any size of the business and type of the organisation. There is no clarity regarding the scalability of the CAS. In the light of restricted number of users, it can be assumed that the increase in volume of data processing could lead to additional costs of running the CAS therefore increasing the overall cost of CAS.</p> <p>5 RELIABILITY</p> <p>CAS has to make sure that the generalised critical financial information is accurate, controlled and secured. In this case, since the CAS cannot be integrated and there is a severe restriction on its access and transparency, the financial information provided cannot be reliable as it cannot be vouched for its accuracy, control and security.</p>	
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