BANGALORE SAHODAYA SCHOOLS COMPLEX ASSOCIATION (BSSCA)

PRE-BOARD EXAMINATION (2022-2023)

Date: 13th January,2023 | **Max. Marks: 80**

Subject: ACCOUNTANCY (055) | **Time: 3 Hours**

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 is compulsory for all candidates.

5.Question 1 to 16 and 27 to 30 carries 1 mark each.

6.Questions 17 to 20, 31and 32 carries 3marks each.

7.Questions from 21 ,22 and 33 carries 4marks each

8.Questions from 23 to 26 and 34 carries 6marks each

9.There is no overall choice. However, an internal choice has been provided in 7questions of one mark, 2questions of three marks, 1 question of four marks and 2 questions of six marks.

SET 1

PART A

(Accounting for Partnership Firms and Companies)

Question 1. X, Y and Z are partners in a firm sharing profits in the ratio of 3 : 2 : 1. They decided to share future profits equally. The Profit and Loss Account showed a Credit balance of ₹60,000 and a General Reserve of ₹30,000. If these are not to be shown in balance sheet, in the journal entry:
(a) Cr. X by ₹15,000: Dr. Z by ₹15,000
(b) Dr. X by ₹15,000; Cr. Z by ₹15,000
(c) Cr. X by ₹45,000; Cr. Y by ₹30,000; Cr. Z by ₹15,000
(d) Cr. X by ₹30,000; Cr. Y by ₹30,000; Cr. Z by ₹30,000

QUESTION 2. Assertion (A): In the books of Tarun, Reema and Charanjit. Deferred Revenue Expenditure existed at Rs. 90000. Profit - sharing ration was changed from equal sharing to 2:2:1. Rs. 90000 will be written off equally at the time of change in profit -sharing ratio.
Reason (R) : Deferred Revenue Expenditure in written off in the old profit- sharing ratio when the profit -sharing ratio changes.

In the context of above 2 statements, which of the following is correct?
a) Assertion (A) and Reason (R) are correct but the reason (R) is not the correct explanation of Assertion(A)
b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)
c) Only Assertion (A) is correct
d) Assertion (A) is not correct but the Reason (R) is correct

QUESTION 3. Apple Tree Ltd. issued 1,00,000 Equity shares of 10 each at a premium of ₹ 2 per share for subscription payable as Application Money 4; On Allotment 3 and balance including premium as First and Final Call. Applications were received for 4,00,000 Equity Shares. Applications for 2,00,000 shares were rejected and pro rata allotment was made to the remaining applicants. Excess Application Money was to be adjusted against Allotment and also Call. Allotment Money and Call Money was duly received.

The amount that the company will transfer to Calls-in-Advance Account and amount that it will receive as First and Final Call will be:

(a) Rs 100000 and Rs.400000
(b) Rs. 100000 and Rs. 500000
(c) Rs. 100000 and Rs. 200000
(d) Rs. 100000and Rs. 300000

OR

Willow Tree Ltd. issued for subscription 20,000 Equity Shares of 10 each. The Issue price was payable Rs 4 per share on application, 5 per share on allotment and 3 per share as first and final call. The issue was oversubscribed by one time. The company issued shares to the applicants as follows:

(i) Applications for 8,000 Equity Shares were rejected.

(ii) 8,000 Equity Shares were allotted to applicants of 12,000 Equity Shares.

(iii) 12,000 Equity Shares were allotted to applicants of 20,000 Equity Shares.

The amount that the company should receive on allotment and as first and final call will be :

(a) Rs 52,000 and 60,000 respectively.
(b) 1,00,000 and 60,000 respectively.
(c) 52,000 and 96,000 respectively.
(d) (d) Nil and 60,000 respectively.

QUESTION 4:
Anshu and Tani are partners sharing profit in the ratio of 2:1. Pooja was admitted for 1/4 share. Pooja is guaranteed a minimum profit of 30,000 for the year. Deficiency in this account will be borne by Anshu and Tani equally. Profit for the year amounted to 1,00,000 Anshu's share of profit after bearing deficiency is:
(a) Rs 42,500
(b) Rs 47,500
(c) Rs 52,500
(d) None of these
OR

P and Q are partners sharing profits in the ratio of 3: 2. Q withdrew a regular amount at the end of every month. At the end of the year, interest on his drawings @ 6% p.a. was calculated as 2,310. His monthly drawings were:

(a) Rs 8,000
(b) Rs 9,000
(c) Rs 7,000
(d) None of these

QUESTION 5
The Gross profit of a partnership firm is 8,20,000 and indirect expenses other than the manager's commission is Rs 28,000. The manager is entitled to a commission of 10% on net profit after charging such commission, which amounts to:
(a) Rs 78,000
(b) Rs 72,000
(c) Rs 80,000
(d) Rs 79,200

QUESTION 6
Veronica Ltd. issued 20,000 10% Debentures of 100 each, payable 10 on application, 20 on allotment and the balance in two calls. Chahat, holder of 1,000 Debentures, failed to pay the amount due on allotment. Mridu, holder of 1,600 Debentures, paid in advance all the amount due on calls along with allotment. What is the total amount received by the company on allotment?
(a) Rs 4,92,000
(b) Rs 4,12,000
(c) Rs 4,00,000
(d) Rs5,24.000

Or

Vimal, a shareholder of a company allotted shares to whom 8,000 of 100 each, failed to pay allotment ₹30 per share and first & final call ₹ 20 per share. Vimal had paid only application money. Pro-rata allotment proportion is 5:6. What will be the amount of calls-in arrears on allotment, from the following?
(a) Rs 3,52,000
(b) Rs 3,64,000
(c) Rs 1,96,000
(d) None of these

QUESTION 7

Parul Ltd. issued 3,000 shares to the public. Amount was called in three instalments. Till 31 March 2022, only application and allotment money were called and all the shareholders duly paid the amount called. Which subhead of Share Capital will the amount received be shown?

(a) Reserve Capital
(b) Capital Reserve
(c)Subscribed but not fully paid
(d) Subscribed and fully paid.

QUESTION 8

When a new partner is admitted the balance of ' General reserve ‘appearing in the Balance Sheet at the time of admission is credited to

(a) Profit and Loss appropriation Account
(b) Capital Account of all partners
(c)Capital account of old partners.
(d) Revaluation Account

OR

Goodwill brought by the incoming partner is distributed among the old partners in their

(a) Old Profit-Sharing Ratio
(b) New Profit-Sharing Ratio
(c)Sacrificing Ratio
(d) Gaining Ratio

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

CASE STUDY

Akhil and Bipul were in partnership. On 1st April, 2020, they had capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively, General Reserve existed in the Balance Sheet at Rs 50,000 and also Profit and Loss Account (Credit) of Rs 1,00,000 (accumulated profits). On 1st October, 2020. Akhil advanced 1,00,000 as loan to the firm and on the same date, the firm advanced loan of Rs 50,000 to Bipul. Both the loans were without an agreement. Interest on Capital is to be allowed @ 5% p.a. as a charge. Manager's Commission of Rs 20,000 was not yet allowed. Loss for the year before allowing and charging interest on loans was Rs 50,000.

Answer the following on the basis of the above

QUESTION 9.

Interest on Capital

(a) will be allowed by debiting Profit and Loss Account (Accumulated Profits).
(b) will be allowed by debiting General Reserve
© will be allowed and it will increase the amount of loss
(d) will not be allowed.

QUESTION 10.

Interest on Loan by Akhil

(a) will be allowed @ 6% p.a. and debited to Profit and Loss Account (Accumulated Profits because the firm has incurred loss during the year.
(b) will be allowed @ 6% p.a. and debited to General Reserve because the firm has incurred loss during the year.
(c) will be allowed @ 6% p.a. and debited to Profit and Loss Account, which will increase the amount of loss
(d) will not be allowed because the firm has incurred loss during the year

QUESTION 11

Increase in the value of liabilities ta the time of admission of a partner is:

(a) Debited to Revaluation A/c
(b) Credited to Revaluation A/c
(c)Credited to Partner's Capital Account
(d)Debited to Partner's Capital A/c

QUESTION 12

Palm Tree Ltd. had forfeited 35000 equity shares of rs 10 each that were issued as a premium of Rs 3 per share, for non-payment of First and Final call of Rs. 3 per share. The minimum reissue price for these shares can be:

(a) Rs 350000
(b) Rs 420000
(c) Rs. 105000
(d) Rs. 315000

QUESTION 13:

Which of the following are not a purpose for which the Securities Premium Account can be used:

(a) Issuing fully paid Bonus shares to Shareholders.
(b) Issuing Partly paid Bonus shares to Shareholders.
(c) Writing of Preliminary expenses of the company
(d) In purchasing its own shares (buy back)

QUESTION 14.

X and Y share profits and Losses in the ratio of 2:1. They take Z as a partner and the new profit-sharing ratio becomes 3:2:1. Z brings rs 9000 as premium for goodwill. The full value of Goodwill will be:

(a) Rs 60000
(b) Rs 54000
(c) Rs 36000
(d) Rs 27000

QUESTION 15.

As per Indian Partnership Act 1932, if partnership deed does not exist partners get:

(a) Salary
(b) Equal profit share
(c) Interest on loans and advance
(d) Profit share in capital ratio

OR

In absence of an agreement to the contrary, the partners are:

(a) Entitled to interest @6%p.a on their capitals, only if there is profit
(b) Entitled to interest @9%p.a on their capitals, only if there is profit
(c) Entitled to interest @12%p.a on their capitals, only if there is profit
(d) Not entitled to Interest on their capital.

QUESTION 16.

A partnership Firm is compulsory dissolved:

(a) When the business of the firm is declared illegal
(b) When a partner of the firm dies
(c) When the partner of the firm becomes insolvent
(d) When a partner transfers his shares to some other person without the consent of the partner

QUESTION 17.

Sita, Reeta and Geeta are partners in a firm sharing profits and losses in the ratio of 4:3:1. As per the terms of Partnership Deed, on the death of any partner, Goodwill to be valued at 50% of net profits credited to that Partner's Capital A/c during the last three completed years before her death. Sita died on 28th February, 2012. The profits for the last five years were:

Year	2007	2008	2009	2010	2011
Profit (Rs)	60000	97000	105000	30000	84000

On the date of Sita's death, Building was found undervalued by Rs 80,000, which was to be considered. Calculate the amount of Sita's share of Goodwill in the firm and record the adjustment Journal Entries of Goodwill and revaluation of Building. The New Profit-Sharing Ratio between Reeta and Geeta will be equal.

QUESTION 18.

A, B and C are partners sharing profits and losses in the ratio of 5:3:2. Their capitals are ₹80,000, ₹ 50,000 and ₹40,000, respectively. Each partner is entitled to interest on capitals @ 10% p.a. B is entitled to a salary of ₹10,000 p.a. and C is entitled for commission of ₹4,000 p.a. A guaranteed that the firm would earn a profits of ₹1,20,000 before allowing interest on capital, partner salaries and commission. The actual profit for the year 2018 before commission, interest and salaries amounted to ₹1,12,000. Prepare Profit and Loss Appropriation A/c.

OR

A and B are partners in a firm. They admit C as a partner with 1/5th share in the profits of the firm. Chetan brings ₹2,00,000 as his share of capital. The value of the total assets of the firm is ₹6,40,000 and outside liabilities are valued at ₹2,00,000 on that date. Give necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes.

QUESTION 19.

Venus Ltd. took over assets of ₹10,00,000 and liabilities of ₹1,80,000 of Cayns Ltd. for 7,60,000. Venus Ltd. issued 9% Debentures of 100 each at a discount of 5% full satisfaction of the purchase consideration in favour of Cayns Ltd.

Pass necessary journal entries in the books of Venus Ltd. for the above transactions. Venus Ltd, writes off all capital losses in the first year itself.

OR

Sh. Ganesh Ltd. issued on 1st April, 2021, 10,000, 8% Debentures of ₹100 each at 6% discount redeemable after five years at a premium of 10. All the debentures were subscribed. During the year ended 31st March, 2022, the company incurred a loss of ₹ 50,000. It has balance of ₹1,20,000 in Securities Premium Reserve.

Pass the Journal entries for issue of debentures and writing off Loss on Issue of Debentures.

QUESTION 20.

X and Y were partners in a firm sharing profits and losses in the ratio of 1:2 Their fixed capitals were ₹2,00,000 and ₹3,00,000 respectively. On 1st April, 2016 Z was admitted as a new partner for ¼ share in the profits. Z brought ₹2,00,000 for his capital which was to be kept fixed like the capitals of X and Y. Z acquired his share of profit from Y.
Calculate goodwill of the firm on Z's admission and the new profit-sharing ratio of X, Y and Z. Also, pass necessary Journal Entry for the treatment of Goodwill on Z's admission considering that Z did not bring his share of goodwill premium in cash.

QUESTION 21.

"India Auto Ltd.' is registered with an authorised capital of Rs 70000000 divided into 700000 shares of Rs. 100 each. The company issued 50000 shares to the vendor for building purchased and 200000 shares were issued to the public. The amount was payable as follow:
On application and allotment: Rs 20 Per share
On First Call: Rs. 50 per share
On second and Final call : The balance.

All calls were made and were duly received except on 100 shares held by Rajani, who failed to pay the second and final call. Her shares are forfeited.
Present the 'Shares Capital' in the Balance Sheet of the company as per Schedule III Part I of the Companies Act, 2013. Also prepare 'Notes to Accounts'.

QUESTION 22.

Verma and Sharma were partners sharing profits in the ratio of 3:1. On 31.03.2011 their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount
Creditors Capital A/cs: Verma Sharma	70000 120000 80000	Land and building Machinery Debtors Bank	70000 60000 80000 60000
	270000		270000

The firm was dissolved and the assets and liabilities were settled as follows:
(i) Creditors of ₹ 50,000 took over Land and Building in full settlement of their claim.
(ii) Remaining creditors were paid in cash.
(iii) Machinery was sold at a depreciation of 30%.
(iv) Debtors were collected at a cost of 500.
(v) Expenses of realisation were 1,700.
Pass necessary Journal entries.

QUESTION 23.

Arti Limited invited applications for issuing 80,000 shares of 10 each at a premium of 4 per share. The amount was payable as follows:
On Application – Rs. 5 per share
On Allotment -Rs 9 per share (Including Premium)
Applications were received for 1,40,000 shares.
Allotment was made on the following basis:
(i) To applicants for 80,000 shares - 60,000 shares
(ii) To applicants for 60,000 shares - 20,000 shares
Money overpaid on applications was utilized towards sum due on allotment. Rajiv (Belonging to Category II) who had applied for 1,200 Shares failed to pay his dues and his shares were forfeited.
Pass journal entries in the books of Arti Limited to record the above transactions.

OR

Give Journal entries to record the following transactions of forfeiture and re-issue of shares and open share forfeited account:
L Ltd. forfeited 470 Equity Shares of ₹10 each issued at a premium of ₹5 per share for non-payment of allotment money of Rs 8 per share (including share premium ₹5 per share) and the first and final call of ₹5 per share. Out of these 60 Equity Shares were subsequently re-issued at 14 per share.

QUESTION 24.

X and Y are partners sharing profits and losses in the ratio of 3:2. Their Balance Sheet on 31st March, 2019 stood as under:

Liabilities	Rs.	Assets	Rs.
Capital a/c – X- 70,000 Y- 60,000	1,30,000	Furniture	66,000
Creditors	90,000	Investments	30,000
General Reserve	20,000	Debtors 38,000 Less- Provision (2,000)	36,000
		Cash	68,000
		Plant & Machinery	40,000
	2,40,000		2,40,000

On 1st April, 2019, they admitted Z for 1/4th share in profits on following terms:

i. Z brings in capital proportionate to his share after all adjustments and ₹ 5,000 for goodwill out of his share of 14,000.

ii. Furniture is to be reduced by ₹ 3,000.

iii. Investments are valued at ₹ 36,000.

iv. Half of the plant and machinery is taken over by X and Y in their profit-sharing ratio.

v. New profit-sharing ratio is agreed at 3:3:2.

vi. Capitals of X and Y will be adjusted in their profit-sharing ratio by bringing in or paying off cash as the case may be.

Prepare Revaluation Account, Capital Accounts and Balance Sheet after Z's admission.

OR

A, B and C were in partnership sharing profits and losses in the proportion of 3:2:1. On 1st April, 2019, their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Capital a/c – A- 18,000 B- 16,000 C- 10,000	44,000	Plant & Machinery	30,000
Creditors	25,000	Furniture	2,000
		Debtors 35,000 Less- Provision (2,000)	33,000
		Cash in hand	1,000
		Profit & Loss a/c	3,000
	69,000		69,000

C retired on this date. It was agreed that:

(a) Plant and Machinery is to be revalued at ₹43,000.

(b) The existing Provision for Bad Debts is to be increased by 50%.

(c) C's share of goodwill was valued at ₹8,000.

(d) The total amount payable to C was brought in by A and B in such a way as to make their capitals in proportion to their share of profits which is to be equal.
Prepare Revaluation account, Partners' capital accounts and Balance Sheet of the firm after retirement of C.

QUESTION 25.

A, B and C were partners sharing profits in the ratio of 2:2:1.
On 31st March, 2018, their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Creditors	3,00,000	Fixed Assets	7,00,000
Contingency Reserve	60,000	Stock	2,00,000
General Reserve	40,000	Debtors	1,50,000
Capital a/c – A – 4,00,000 B- 3,50,000 C- 2,50,000	10,00,000	Cash at Bank	3,50,000
	14,00,000		14,00,000

B died on 15th June, 2018. According to the partnership deed, his executors were entitled to:
(i) Balance in his Capital Account.
(ii) His share of goodwill will be calculated on the basis of thrice the average of the past 4 years' profits.
(iii) His share in profits up to the date of death on the basis of average profits of the last two years. The time period for which he survived in the year of death will be calculated in months.
(iv) Interest on capital @ 12% p.a. up to the date of his death.
The firm's profits for the last four years were: 2014-15: ₹1,20,000, 2015-16: ₹2,00,000, 2016-17: ₹2,60,000 and 2017-18: ₹2,20,000. C's executors were paid the amount due immediately.
Prepare C's Capital Account to be presented to his executors.

QUESTION 26.
Surya Ltd. issued 2,500, 15% Debentures of 100 each at a discount of 10% as follows: payable Rs 25 on application; Rs25 on allotment and the balance on First Call.
Applications were received for 2,000 debentures and the allotment was made. All the moneys were duly received. Expenses on issue of debentures amounted to Rs.10,000.
Pass journal entries (for first year only). Company decided to write off all capital losses in the first year itself.

PART B

(Analysis of Financial Statement)

QUESTION 27.
If the Average inventory is Rs 100000 and closing inventory is two times more than that in the beginning, then the value of closing inventory is:
(a) Rs 200000
(b) Rs 150000
(c)Rs 180000
(d) None of these.

OR

A company's revenue from operations is Rs 20,00,000, cost of revenue from operations is Rs 14,00,000, closing inventories Rs50,000 and indirect expenses are Rs 2,00,000. The gross profit ratio on the basis of given information:

(a) 40%
(b) 5%
(c) 35%
(d) 30%

QUESTION 28.

2,000, 9% debentures of 100 each out of 8,000, 9% debentures are redeemable within 12 months of the date of Balance Sheet. They will be shown in the Current Liabilities as:

(a) Short-term Borrowings
(b) Other Current Liabilities
(c) Short-term Provisions
(d) Trade Payables

QUESTION 29.

‘Discount received on making payment on Supplies would result in:
(a) inflow
(b) Outflow
(c)No flow of cash
(d) None of these.
OR
Under which type of activity will you classify “Dividend received by a finance company" while preparing Cash flow statement:

(a) Investing Activity
(b) Operating Activity
(c) Financing Activity
(d) None of the above

QUESTION 30

Under which type of activity will you classify ‘commission and Royalty received’ while preparing Cash flow statement

a. Investing Activity
b. Operating Activity
c. Financing Activity
d. Nine of the above

QUESTION 31.
State the significance of Analysis of Financial statement to the Lenders and employees**.**

QUESTION 32.

Current Ratio of a company is 3:1. State giving reasons, which of the following would improve, reduce or not change the ratio.
(i) Issue of bonus shares out of profit
(ii) Redemption of Preference Shares out of Proceeds from fresh issue of shares of equal amount.
(iii) Revenue from Operation I.e Sale of goods for Rs.80000 on credit of 1 month (cost of goods Rs60000)

QUESTION 33.

Z Lid. has a current ratio of 3:1 and quick ratio of 2:1. If the excess of current assets over quick assets as represented by inventory is 40000, calculate current assets

OR

From the following information, calculate ROI
Equity share Capital 300000
Reserves and Surplus 154000
Statement of Profit and Loss (profit after interest and tax) 120000
9% Debentures 200000
Net Revenue from operations 1500000
Tax Paid 40%

QUESTION 34.

From the following information of Ramesh Ltd., prepare Cash Flow Statement.
Balance Sheet of Ramesh Ltd as at 31 March 2022

		31.03.22	31.03.21
1. EQUITY AND LIABILITIES			
1. Shareholders' Funds		320000	240000
(a) Share Capital		136000	124000
(b) Reserves and Surplus			
2. Non-Current Liabilities			
Long Term Borrowing - 12% Debentures		200000	120000
3. Current Liabilities			
(a) Trade Payables		88000	68000
(b) Other Current Liabilities			
(c) Short-term Provisions (Provisions for Taxation)		12000	8000
TOTAL		756000	756000

II. ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment and Intangible assets		336000	264000
(i) Property. Plant and Equipment - Machines			
(ii) Intangible Asset – Goodwill		56000	80000
(b) Long-term Investments - 10% Govt. Bonds		64000	24000
2. Current Assets			
(a) Inventories		40000	32000
(b) Trade Receivables		156000	64000
(c) Cash & Cash Equivalents		104000	96000
TOTAL		756000	756000

Notes to Accounts:

	31.03.22	31.03.21
Reserves and Surplus		
Reserves	80000	72000
Balance in Statement of Profit and Loss	56000	52000
	136000	124000

Additional information:

(a) Investments costing 24.000 were sold for ₹ 16.000

(b) Depreciation on Machinery ₹ 48,000

(c) Tax paid 4,800

(d) Debentures were issued and investments were purchased and sold on March 31st 2022.