FIRST TERM EXAMINATION (2024-25)
CLASS XII – ACCOUNTANCY

MAX MARKS 80 | TIME 3 HOURS

GENERAL INSTRUCTIONS:

1. Attempt all the questions in the sequence order
2. Weightage is given for neat and clear presentation of the answers
3. Q 1-20 carries 1 mark each; Q 21-26 carries 3 marks each; Q 27-29 carries 4 marks each; Q 30-34 carries 6 marks each

Q1 Main advantage of the analysis of Financial Statements is (1)
a) To know the financial strength
b) To make a comparative study with other firms
c) To know the efficiency of management
d) All of the above

Q2 Presentation of financial position better than actual is known as (1)
a) Personal bias
b) Price level changes.
c) Window dressing
d) All of the above

Q3 Which of the following is limitation of analysis of financial statements (1)
a) Affected by personal bias
b) Affected by window dressing
c) Lack of qualitative analysis
d) All of the above

Q4 In Debt Equity Debt ratio, Debt refers to (1)
a) Short term debts
b) Long term debts
c) Shareholders' funds
d) Debentures and current liabilities

Q5 A company can issue (1)
a) Equity shares
b) Redeemable preference shares
c) Redeemable debentures
d) All of the above

Q6 Gain on Reissue of Forfeited shares is transferred to (1)
a) Capital reserve
b) Called up capital
c) Subscribed capital
d) None of the above

Q7 Pick the odd one out : (1)
a) Salary to partner
b) Manager's commission
c) Interest on partner's Loan
d) Interest on partner's capital

Q8 Interest on partner's loan will be debited to (1)
a) Profit and loss Account
b) Profit and loss Appropriation Account
c) Partner's current account
d) Interest Account

Distinguish between a Horizontal Analysis and Vertical Analysis. (1)

Premium on Issue of share is a ____________ (1)
a) Revenue loss
b) Capital loss
c) Deferred revenue expenditure
d) None of the above.

In the absence of a Partnership deed Interest on partner's loan will be (1)
a) 12% per annum
b) 6% per annum
c) 10% per annum
d) No Interest.

Models and designs appears in a Company's Balance Sheet under the subheading (1)
a) Current Investments
b) Noncurrent investments
c) Intangible assets
d) Short term loans and advances

Q13 Match the following column A with column B (1)

COLUMN A	COLUMN B
i) Securities premium reserve can be used for	a) Capital Reserve
ii) Profit on reissue of forfeited shares is transferred to	b) Statement of profit or loss
—	c) Paying premium on redemption of preference shares

Q14 Which of the following items is dealt through Profit and Loss Account (1)

a) Interest on Partner's Loan b) Partner's Salary
c) Interest on Partner's Capital d) Partner's Commission

Q15 Aarti is a partner in a firm. She withdrew ₹6000 at the beginning of each quarter during the year ended 31st March 2022. Interest on her drawing at the rate of 10% per annum will be (1)

a) ₹900 b) ₹600 c) ₹1500 d) ₹1200

Q16 A, B and C are partners in the ratio of 1:1:1. A has given to C a guarantee of minimum ₹10000 profit. For the year ending 31st March 2022 firms profit is ₹24,000. A share in profit will be (1)

a) ₹6000 b) ₹10,000 c) ₹7200 d) ₹12,000

READ THE INSTRUCTION FOR QUESTION NO. 17 , 18 & 19

Given below are two statements in each question, one labelled as Assertion (A) and the other labelled as Reason (R)

Q17 Assertion (A): *Dividend received by a finance company is a part of normal business.* (T) (1)
Reason (R) : It will be a part of Operating Activities. (T)
Choose the correct option
a) Assertion (A) and Reason (R) are correct but (R) is not the correct explanation of (A)
b) Both Assertion and reason are correct and Reason is the correct explanation of the Assertion.
c) Only Assertion is correct.
d) Both Assertion and Reason are not correct

Q18 Assertion (A) : Shares are issued for purchase of Assets. (1)
Reason (R) : Issue of Shares for purchase of Assets is not shown in the Cash Flow Statement.
Choose the correct option
a) Assertion (A) and Reason (R) are correct but (R) is not the correct explanation of (A)
b) Both Assertion and reason are correct and Reason is the correct explanation of the Assertion.
c) Only Assertion is correct.
d) Both Assertion and Reason are not correct.

Q19 Assertion: (A) Transfer to reserve is shown in P & L account (F) (1)
Reason: (R) Reserves are charged against profits. (F)
Choose the correct option
a) Assertion (A) and Reason (R) are correct but (R) is not the correct explanation of (A)
b) Both Assertion and reason are correct and Reason is the correct explanation of the Assertion.
c) Only Assertion is correct
d) Both Assertion and Reason are not correct.

Q20 For the firm interest on partner's loan is: (1)

a) Capital Payment b) Capital Receipt c) Loss d) Expense

Q21 Under which head in the Statement of Profit and Loss account of a non-finance company the following items will be shown? (3)

a) Sale of goods
b) Payment of Salary
c) Change in Inventory
d) Profit on sale of an Asset
e) Interest paid on bank loan
f) Amortization of goodwill.

Q22 Lakhan Ltd. Purchased a running business from Rama Ltd. for a sum of ₹ 60, 00,000. (3)
The assets and liabilities consisted of the following –
Building ₹1 8, 00,000 Trade receivables ₹3,50,000 Inventories ₹ 5,00,000
Furniture ₹ 12, 50,000 and Bank Loan ₹ 3,50,000
Arvind paid ₹5,00,000 by bank draft and balance by issuing debentures of ₹100 at premium of ₹34
Pass entries in the books of Lakhan Ltd.

Q23 X, Y and Z are partners sharing in 3:2:1. They decide to share equally in future. Goodwill already appears at ₹60,000. At the time of change in profiting sharing ratio , Goodwill is valued at ₹1,20,000. General Reserve appears at ₹2,40,000. Profit and Loss Account (Debit balance) ₹1,20,000. Work-man compensation Reserve appears at ₹60,000. Profit on revaluation of Assets and Liabilities is ₹1,20,000. Pass necessary Journal Entries. (3)

Q24 Calculate the amount of Opening and Closing Trade Receivables from the following: (3)

Trade Receivables Turnover Ratio: 6 Times
Cost of Revenue from Operations ₹6,00,000
Gross Profit Ratio: 20% on cost
Cash Revenue from Operations being 25% of total Revenue from Operations
Opening Trade Receivables were 1/4th of Closing Trade Receivables

Q25 Following information is given to you: (3)

i) Inventory Turnover Ratio 5 Times
ii) Inventory at the end is ₹5,000 more than the inventory in the beginning
iii) Revenue from Operations (all credits) ₹2,00,000
iv) Gross Profit Ratio ¼ on cost
v) Current Liabilities ₹60,000
vi) Quick Ratio 0.75

Calculate i) Cost of Revenue from Operations , ii) Opening Inventory and Closing inventory , and (iii) Quick Assets and Current Assets.

Q26 a) Calculate Tax provision made during the year from the following information – (3)

	2023	2022
Provision for tax	₹ 40,000	₹ 30,000

ADJUSTMENTS: - Tax paid during the year ₹ 25,000.

b) Calculate the amount of Machinery purchased during the year –

	2023	2022
Machinery	₹ 1, 50,000	₹ 1, 00,000
Accumulated Depreciation	(30,000)	(20,000)

ADJUSTMENTS: - A part of the Machinery costing ₹ 30,000 (Accumulated Depreciation ₹ 20,000) sold at 10% profit on the book value.

Q27 Mr. Ram is running a store and has the following data, guide him regarding calculation of Inventory turnover ratio from the following & also guide how the transactions (a), (b) & (c) will affect the ratio: (4)

Purchases ₹ 9,00,000 Closing inventory ₹ 10,000
Opening inventory ₹ 30,000

State giving reasons which of the following transactions would i) increase ii) decrease, and iii) neither increase nor decrease the inventory turnover ratio

a) Sale of goods for ₹ 9,000 (cost ₹ 8,000)
b) Increase in the value of closing inventory by ₹ 9,000
c) Goods purchased for ₹ 10,000

Q28 A purchased the business of B on 1st April, 2023. For this purpose goodwill is to be valued at 50% of the average annual profits of the last four years. The profits shown by B's business for the last four years were: (4)

Year ended		
31st March, 2019	Profit	₹1, 00,000 (after debiting loss of stock by fire ₹50,000)
31st March, 2020	Loss	1,50,000(includes voluntary retirement compensation Paid ₹80, 000) +80000 + 60000
31st March, 2021	Profit	1,50,000 +100000 - 10000
31st March, 2022	Profit	2,00,000

Verification of books of accounts revealed the following:

i) During the year ended 31st March, 2020, a machine got destroyed in accident and ₹60,000 was written off as loss in profits and Loss Account.

ii) On 1st April, 2021, Two computers costing ₹50,000 each were purchased and were debited to Travelling Expense account on which depreciation is to be charged 10% p.a. as per Straight Line Method.

Calculate the value of goodwill.

76/100 × 3000000
336000
310000
1260000

1260000 × 20/100
252000

Q29 From the following information , prepare a common size Statement of Profit and Loss (4)

Particulars	31st March 2023
Revenue from Operations	₹30,00,000
Other income (% of Revenue from Operations)	12%
Expenses (% of Operating Revenue)	70%
Tax Rate	20%

12/100 × 3000000
360000

Q30 Following is the Balance Sheet of Hari Limited as at 31st March 2019 & 31st March 2020. (6)

PARTICULARS	31st March 2020	31st March 2019
I EQUITIES AND LIABILITIES		
a) Shareholder' Funds		
A) Share capital	13,00,000	9,00,000
B) Reserves and Surplus	4,00,000	3,00,000
Non- Current Liabilities		
Debentures	4,40,000	3,50,000
b) Current liabilities		
Trade payable	60,000	50,000
	22,00,000	16,00,000
ASSETS		
Non-Current Assets		
Building	13,50,000	9,00,000
Current Assets		
Short Term Investment	2,00,000	1,00,000
Trade Receivables	3,10,000	2,30,000
Cash and Cash Equivalents	3,40,000	3,70,000
	22,00,000	16,00,000

1260000
252000
1008000

170000
370000
34000

260000
80000
180000
430000
610000

610000
540000
70000

ADDITIONAL INFORMATION;

a) The company paid interest ₹40,000 on its Debentures.
b) Interim dividend paid ₹20,000 during the year.
c) Depreciation charged on Building was 10% of the amount standing on 31st March 2019.

Prepare a Cash flow statement.

Q31 Give journal entries for the issue of Debentures in the following conditions.

a) Issued 5,000 10% Debentures of ₹100 each at par, redeemable at par.
b) Issued 5,000 12% Debentures ₹100 each at a discount of 5%, redeemable at 20% premium
c) Issued 6,000 12% Debentures of ₹100 each at 10% premium, redeemable at 5% premium.
d) Issued 7,000 12% Debentures of ₹100 each at a discount of 2% redeemable at a premium of 10%.
e) Issued 8,000 20% Debentures of ₹100 each at 10% premium, redeemable at 10% premium.
f) Issued 9,000 10% Debentures at par, redeemable at 10% premium.

Q32 Arun Ltd. incorporated with 20, 00,000 shares of ₹10 each. The Company issued (6) 7,00,000 shares and the public applied for ₹8, 00,000. Amount is payable as-

₹2.50 on Application
₹2.50 on Allotment
Balance on First and final call

Ashok a holder of 1,400 shares did not pay from allotment onwards. His shares were forfeited and reissued to Sohan, giving him maximum discount on reissue under the Companies Act. Pass Journal entries in the books of the company.

Q33 Guru Ltd incorporated with 10,00,000 shares of ₹10 each. The company issued 5,00,000 (6) shares at 10% premium payable as follows.

₹ 3 on Application
₹ 4 on Allotment
Balance on first and final call.

The public applied for 7,00,000 shares. Applications for 1, 00,000 shares were rejected and allotment was made to the rest on Pro-rata basis. Hari who had applied for 6,000 shares failed to pay from allotment onwards and Ravi, holder of 1,000 shares failed to pay the first and final call. All the shares were forfeited after the final call. 4,000 shares were Reissued @ ₹ 11 per share including all shares of Ravi. Pass Journal entries in the books of the company.

Q34 A) A, B and C are partners in a firm. You are informed that (i) A draws ₹4,000 from the firm at the end of every month, (ii) B draws ₹4,000 from the firm at the middle of every month and (iii) C draws ₹4,000 from the firm in the beginning of every month. Interest on drawing is to be charged @ 9% per annum. Calculate interest on partner's drawings.

B) The partners of a firm distributed the profits for the year ended 31st March 2013 ₹75,000 in the ratio 3:2:1 without providing for the following adjustments:

i) A and B were entitled to a salary of ₹3,000 each p.a.
ii) B was entitled to a commission of ₹5,000
iii) Profits were to be shared in the ratio of 3:3:2

Pass an adjustment entry for the above. (3+3=6)