

SPARC
CLASS 12TH
ACCOUNTANCY

EXAM ID 2735

PAPER - 1

DURATION 3 HOURS

MM. 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 is Analysis of Financial Statements.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Question 17 to 20, 31 and 32 carries 3 mark each.
7. Questions from 21, 22 and 33 carries 4 mark each.
8. Question 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)

1. According to profit and loss account, the net profit for the year is ₹ 4,20,000. Salary of a partner is ₹ 5,000 per month and the commission of another partner is ₹ 10,000. The interest on drawings of partners is ₹ 4,000. The net profit as per profit and loss appropriation account will be: (1)
- a. ₹ 4,09,000 b. ₹ 4,01,000 c. ₹ 3,46,00 d. ₹ 3,54,000

OR

If a partner individually carries on any business of the same nature as competing with that of firm, he shall account for

a. all profits made by him b. dissolve the firm c. retire from partnership d. Share profit in old ratio

2. **Assertion (A):** Preeti, Rakhi and Pramila are partners. As per partnership deed Preeti is to be allowed a salary of ₹ 8,000 per month. Rakhi and Pramila also demand same salary. Salaries to Rakhi and Pramila is to be allowed. (1)
- Reason (R):** In the absence of mention of salaries to Rakhi and Pramila in the partnership deed, salaries to Rakhi and Pramila are not to be allowed.
- a. Both A and R are true and R is the correct explanation of A.
b. Both A and R are true but R is not the correct explanation of A.
c. A is true but R is false.
d. A is false but R is true.

3. Ramesh Ltd. forfeited 20 shares of ₹ 10 each, ₹ 8 called up, on which Naresh had paid application and allotment money of ₹ 5 per share, of these, 15 shares were reissued to Pankaj as fully paid up for ₹ 6 per share. What is the balance in the share Forfeiture Account after the relevant amount has been transferred to Capital Reserve Account? (1)
- a. ₹ 25 b. ₹ 0 c. ₹ 100 d. ₹ 5

OR

Where shares can be sold by a company?

- a. RBI b. Media c. Stock Exchange d. Only Newspapers
4. Hari Ltd. invited applications for issuing 80,000 shares of ₹ 10 each at a premium of ₹ 5 per share. The amount was payable as follows: (1)
- was payable as follows:
- On Application - ₹ 5 (including premium ₹ 3)
On Allotment - ₹ 7 (including premium ₹ 2)
On First and Final Call - ₹ 3
- Applications were received for 1,00,000 shares and pro-rata allotment was made to all the applicants. All calls were made and were duly received except allotment and first and final call from Devi who was allotted 3,200 shares. Her shares were forfeited.
- Amount Credited to Share Forfeiture Account will be:
- a. ₹ 13,600 b. ₹ 20,000 c. ₹ 10,400 d. ₹ 4,000

OR

Shareholders get dividend, Debenture holders get

- a. Shares b. Profit c. Bonus d. Interest

5. X and Y are sharing profits and losses in the ratio of 3 : 2. They admit Z as a partner and give him $\frac{2}{10}$ th share in the profits. The new profit-sharing ratio will be (1)

- a. 3 : 2 : 2 b. 12 : 8 : 5 c. 3 : 2 : 5 d. 2 : 1 : 2

6. Net Assets minus Capital Reserve is: (1)

- a. Total assets b. Purchase consideration c. Liquid assets d. Goodwill

7. How would you calculate interest on drawing of the equal amount drawn on the last day of every month? (1)

- a. $\frac{\text{rate} \times 5.5}{100}$ b. $\frac{\text{rate} \times 6.0}{100 \times 12}$ c. $\frac{\text{rate} \times 6.5}{100 \times 12}$ d. $\frac{\text{rate} \times 5.5}{100 \times 12}$

8. What legal procedure is required to be followed when the outgoing partner's share is not settled and business is continued by remaining partners. (1)

- a. Article 37 of the Indian Partnership Act b. Section 17 of the Indian Partnership Act
c. Section 37 of the Indian Partnership Act d. Section 13 of the Indian Partnership Act

OR

According to the Partnership Act, 1932, the interest payable to the deceased partner on the amount left by him will be:

- a. 6% p.a. b. 16% p.a. c. 10% p.a. d. 12% p.a.

9. In which condition a partnership firm is deemed to be dissolved? (1)

- a. On retirement of a partner b. On expiry of the period of partnership
c. On loss in partnership d. On a partner's admission

10. Which of the following is true? (1)

- i. An incoming partner acquires his share from all the old partners in their profit sharing ratio.
ii. An incoming partner acquires his share from all the old partners in some agreed ratio.
iii. An incoming partner acquires his share from one or more of the old partners in some agreed ratio.
iv. None of the above

- a. Option (ii) b. Option (i) c. Option (iii) d. Option (iv)

OR

X and Y sharing profits in the ratio of 5 : 3. They admit Z as a new partner. Z brings ₹ 70,000 as cash and 43,000 against his premium for goodwill. New profit sharing ratio between X, Y and Z is 7 : 5 : 4. The Sacrificing ratio of X and Y:

- a. 4 : 5 b. 5 : 9 c. 3 : 1 d. 1 : 3

11. Anil and Rahul are partners in a firm sharing profits and losses in the ratio of 5 : 1. (1)

Liabilities	Amount (₹)	Amount (₹)	Amount (₹)
		Machinery	40,000

If value of machinery in the balance sheet is undervalued by 20%, then at what value will machinery be shown in new balance sheet?

- a. ₹ 44,000 b. ₹ 48,000 c. ₹ 32,000 d. ₹ 50,000

12. K.C. Ltd. took over office furniture of ₹ 90,000, office equipment of ₹ 1,80,000 from J.C. Ltd. and its liabilities of ₹ 20,000 for a purchase consideration of ₹ 3,60,000. The payment to J.C. Ltd. was made by issue of 9% debentures of ₹ 50 each at a discount of 10%. The amount to be debited to **Discount on Issue of Debentures Account** will be: (1)

- a. ₹ 90,000 b. ₹ 36,000 c. ₹ 40,000 d. ₹ 27,000

13. When a company purchases some assets and not paying cash instead issues debentures as a payment for the purchase, from the vendors it is known as the issue of: (1)

- a. Debentures issued for consideration other than cash b. Debentures issued for cash
c. Debenture issued in consideration of asset d. Debentures issued as collateral security

14. Which of the following is correct with respect to debentures? (1)

- a. They cannot be issued as collateral security. b. They can be issued for consideration other than cash.
c. They can be issued partly on credit and partly in cash. d. They can be issued on credit.

15. Anshika, Babita and Chaman are partners. The firm had given a loan of ₹ 20,000 to Babita. On the event of dissolution, the loan will be settled by: (1)

- a. Transferring it to debit side of Realization Account.
b. Transferring it to debit side of Babita's Capital Account.

- c. Transferring it to credit side of Realization Account.
- d. Babita paying Anshika and Chaman privately.

16. Ravi, Suraj and Mishra are partners sharing profits in the ratio of 5 : 3 : 2. They decided to share the future profits in the ratio of 2 : 3 : 5 with effect from 1st April, 2021. They decided to record the following without affecting the values:

Profit & Loss A/c (Cr)... ₹ 24,000

Advertisement Suspense A/c... ₹ 12,000

What is the impact of the following adjustment on Suraj's Capital Account:

- a. No Effect on Suraj's Capital Account
- b. Suraj's Capital Account Debit by ₹ 3,600
- c. Suraj's Capital Account Debit by ₹ 12,000
- d. Suraj's Capital Account Credit by ₹ 3,600

17. X, Y and Z are partners sharing profits and losses in the ratio of 5 : 3 : 2. They decide to share future profits and losses in the ratio of 2 : 3 : 5 with effect from 1st April, 2023. Following

is the extract of their Balance Sheet as at 31st March, 2023:

	₹		₹
General Reserve	75,000	Advertisement Suspense A/c (Dr.)	50,000
Profit & Loss A/c	37,500		
Workmen Compensation Reserve	12,500		

Pass necessary journal entries.

OR

A, B, C were partners in a firm sharing profits in 3 : 2 : 1 ratio. They admitted D for 10% profits. Calculate the new profit sharing ratio?

18. L and M were partners in a firm sharing profits in the ratio of 2 : 3. On 28th February, 2023 the firm was dissolved. After transferring assets (other than cash) and outsiders' liabilities to Realisation Account you are given the following information:

- i. A creditor for ₹ 1,40,000 accepted building valued at ₹ 1,80,000 and paid to the firm ₹ 40,000.
- ii. A second creditor for ₹ 30,000 accepted machinery valued at ₹ 28,000 in full settlement of his claim.
- iii. A third creditor amounting to ₹ 70,000 accepted ₹ 30,000 in cash and investments of the book value of ₹ 45,000 in full settlement of his claim.
- iv. Loss on dissolution was ₹ 4,000.

Pass necessary Journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque.

19. What Journal Entry will be made in the books of the Company for an issue of 5,000, 15% Debentures of ₹ 100 each at par and are redeemable at a premium of 5%.

20. L, M and N were partners in a firm sharing profits in the ratio of 2 : 3 : 5. From 1st April, 2023 they decided to share the profits in the ratio of 1 : 2 : 2. On this date, the Balance Sheet showed a credit balance of ₹ 1,17,000 in General Reserve and a debit balance of ₹ 35,000 in Profit and Loss account. The goodwill of the firm was valued at ₹ 5,00,000. The revaluation of assets and reassessment of liabilities resulted into a gain of ₹ 30,000.

Pass necessary journal entries for the above transactions on the reconstitution of the firm.

21. V Ltd. Issued 20,000 Equity shares of Rs. 10 each at a premium of Rs. 3 payable as follows:

On Application Rs. 4

On Allotment Rs. 5 (including Premium)

On First Call Rs. 2

On Final Call Rs. 2

All shares were duly subscribed and all money duly received. Pass necessary Journal Entries.

22. A, B and C are partners. During the year ended 31st March, 2023, each of the partners withdrew ₹ 10,000 regularly. A withdrew in the beginning of the first 6 months of the year, B withdrew in the middle of the month for the first 6 months of the year and C withdrew at the end of the month for the first 6 months. Calculate interest on drawings @ 6% p.a. for the year ended 31st March, 2023.

23. The Adarsh Control Device Ltd was registered with the authorised capital of ₹ 3,00,000 divided into 30,000 shares of ₹ 10 each, which were offered to the public. Amount payable as ₹ 3 per share on application, ₹ 4 per share on allotment and ₹ 3 per share on first and final call. These share were fully subscribed and all money was dully received. Prepare journal and Cash Book.

24. On March 31, 2021, the balance sheet of Pankaj, Sahil and Ramesh, who were sharing profits in proportion to their capitals stood as follows: (6)

Liabilities		₹	Assets		
Creditors		48,200	Land and Buildings		50,000
General Reserve		6,000	Cash at Bank		30,000
Capitals:			Debtors	40,000	
Pankaj	30,000		Less: Provision for Doubtful Debts	(2,000)	38,000
Sahil	30,000		Stock		14,000
Ramesh	<u>15,000</u>	75,000	Machinery		8,200
Employee's Provident Fund			Profit and Loss		6,000
		1,46,200			1,46,200

Sahil retires and the following readjustments of the assets and liabilities have been agreed upon before the ascertainment of the amount payable to Sahil:

- That out of the amount of insurance which was debited entirely to profit and loss account, ₹ 4,320 be carried forward as unexpired insurance.
- That the land and building be appreciated by 20%.
- An amount of ₹ 10,000 included in Debtors to be written off as it is no longer receivable. Provision for Doubtful Debts be maintained at the existing rate.
- That machinery be depreciated by 10%.
- That the goodwill of the firm will be valued at ₹ 18,000.
- That the entire capital of the firm as newly constituted be fixed at ₹ 60,000 between Pankaj and Ramesh in the proportion of three-fourth and one-fourth after passing entries in their accounts for adjustment, i.e. actual cash to be paid off or to be brought in by the continuing partners as the case may be.
- That Sahil be paid ₹ 5,000 in cash and the balance be transferred to his loan account payable in two equal annual instalments along with interest @ 8% p.a.

Prepare necessary accounts and the balance sheet of the firm of Pankaj and Ramesh. Also prepare Sahil's loan till it is finally settled.

25. B and C are partners in a firm, sharing profits and losses in the ratio of 5 : 3. They admit A into the firm on 1st April, 2022, when their Balance Sheet was as follows : (6)

Liabilities	₹	Assets	₹
B's Capital	32,000	Goodwill	8,000
C's Capital	34,000	Machinery	38,000
General Reserve	8,000	Furniture	5,000
Bank Loan	6,000	Debtors	23,000
Creditors	6,000	Stock	7,000
		Bank	5,000
	86,000		86,000

Terms of A's admission were as follows :

- A will bring ₹ 30,000, through cheque, as his share of capital and will be entitled to $\frac{1}{3}$ rd share in the profits.
- A is not to bring goodwill in cash. Goodwill is valued on the basis of 2 years purchase of the average profits of the last three years.
- Average profits of the last three years are ₹ 6,000.
- Machinery and stock are revalued at ₹ 45,000 and ₹ 8,000 respectively.

Prepare Revaluation Account and Partner's Capital Accounts incorporating the above adjustments and also the Balance Sheet of the firm after the above adjustments.

OR

A, B and C were partners in a firm sharing profits in the ratio of 5 : 4 : 3. On 31st March, 2022 their Balance Sheet was as under:

Liabilities	₹	Assets	₹
Creditors	24,000	Buildings	20,000
Reserves	6,000	Machinery	30,000
A's Capital	30,000	Stock	10,000
B's Capital	25,000	Patents	11,000
C's Capital	<u>15,000</u>	Debtors	8,000
		Cash at Bank	9,000
		Advertisement Suspense	12,000
	1,00,000		1,00,000

A died on 1st October, 2022 and B and C decided to share future profits in the ratio of 7 : 5. It was agreed between his executors and the remaining partners that:

- Goodwill to be valued at $2\frac{1}{2}$ years purchase of the average profits of the previous four years, which were: 2019: ₹ 19,000; 2020: ₹ 15,000; 2021: ₹ 20,000 and 2022: ₹ 18,000.
- Patents be valued at ₹ 8,000; Machinery at ₹ 28,000; and Buildings at ₹ 25,000.
- Profit for the year 2022-23 be taken as having accrued at the same rate as that of the previous year.
- Interest on Capital be provided at 10% p.a.
- Half of the amount due to A to be paid immediately to the executor and the balance transferred to his (Executor) Loan A/c.

Prepare A's Capital A/c and A's Executor's A/c as on 1st October, 2022.

26. Kanha Ltd. issued 20,000 shares of ₹ 10 each at a premium of 10%. Payments were to be made as - on Application ₹ 5 (including premium); on Allotment ₹ 4 and on First and Final Call ₹ 2. Applications were received for 18,000 shares and all were accepted. All money was duly received. Pass necessary entries in the Books of the Company. Also show share capital in the Balance Sheet. (6)

OR

X Limited offered to the public 10,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows: On application ₹ 3; On allotment (including premium) ₹ 4; On first call ₹ 3 and on second and final call ₹ 2. Applications were received for 15,000 shares.

All applications were placed under four categories and allotment was made as follows:

Category A: to applicants of 4,000 shares in full

Category B: to applicants of 6,000 shares 4,000 shares

Category C: to applicants of 3,000 shares 2,000 shares

Category D: to applicants of 2,000 shares Nil

Except in the cases where applications were wholly rejected, excess application money was not to be refunded but to be adjusted against money due on allotment and calls.

A, an applicant under category B to whom 400 shares were allotted failed to pay the allotment money and on his failure to pay the first call his shares were forfeited.

B, an applicant under category C to whom 300 shares were allotted failed to pay both the calls and his shares were also forfeited.

500 of the shares thus forfeited were re-issued to C as fully paid for ₹ 8 per share.

Show Cash Book, Journal entries and the share capital in the Balance Sheet of the company; you are to assume that the whole of the A's shares were issued to C.

PART – B
Academy & Research Centre
(Analysis of Financial Statements)

27. Long term provisions does not include: (1)
- Provision for warranty
 - Provision for Gratuity
 - Provision for employees benefit
 - Provision for earned leave

28. On the basis of following data, a Company's Gross Profit Ratio will be: Net Profit ₹ 80,000; Wages ₹ 10,000; Office Expenses ₹ 30,000; Selling Expenses ₹ 20,000; Total Revenue from Operations ₹ 5,00,000. (1)
- 4%
 - 6%
 - 26%
 - 28%

OR

Opening Inventory of a firm is ₹ 80,000. Cost of revenue from operations is ₹ 6,00,000. Inventory Turnover Ratio is 5 times. Its closing Inventory will be:

- ₹ 1,20,000
- ₹ 1,60,000
- ₹ 80,000
- ₹ 2,00,000

29. Dividend received on shares held for sale by financial enterprise is shown in Cash Flow Statement under (1)
- General Activities.
 - Operating Activities
 - Financing Activities.
 - Investing Activities.

OR

Short - term highly liquid investments which are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in the value are called _____.

- Non-current Investment
- Cash Equivalents
- Non-current Assets
- Cash at Bank

30. An example of cash flow from investing activity is: (1)
- purchase of raw materials for cash
 - sale of investment by non-financial enterprise.
 - repayment of long-term loan
 - issue of debenture

31. Following is the Comparative Statement of Profit and Loss of ABC Ltd. :

(3)

COMPARATIVE STATEMENT OF PROFIT & LOSS
for the years ended 31st March, 2022 and 2023

	Particulars	Note No.	2021-22	2022- 23	Absolute Change (Increase or Decrease)	Percentage Change (Increase or Decrease)
	1		2	3	4	5
			A	B	$B - A = C$	$\frac{C}{A} \times 100 = D$
			₹	₹	₹	%
I.	Revenue from Operations		50,00,000	_____	_____	50.00
II.	Add: Other Income		2,00,000	_____	(_____)	(25.00)
	Total Income I + II		_____	_____	_____	_____
III.	Less: Expenses		_____	_____	15,00,000	50.00
	Profit before Tax		_____	_____	_____	_____
	Less : Tax		_____	_____	1,00,000	25.00
	Profit after Tax		_____	_____	_____	_____

You are required to

- Fill in the missing figures in the Comparative Statement of Profit & Loss; and
- Compute the Net Profit Ratio for both the years.

OR

What do you mean by Common Size Statements?

32. Compute Revenue from Operations, Other Income and Total Revenue for a financial company from the following particulars:

(3)

	₹
Interest on loans given	40,00,000
Fees received for arranging loans	5,00,000
Miscellaneous Income	15,000
Profit on sale of Building	2,00,000
Profit on sale of Investments	1,20,000

33. The Current Ratio of a company is 2 : 1. State giving reasons which of the following transactions would improve, reduce or not change the ratio:

(4)

- Purchase of goods for cash ₹ 60,000
- Purchase of fixed assets for cash ₹ 2,00,000
- Sale of goods costing ₹ 20,000 for ₹ 23,000 on credit
- Issue of shares ₹ 10,00,000

OR

The quick ratio of a company is 2 : 1. State with giving reasons, (for any four) which of the following would improve, reduce or not change the ratio

- Purchase of machinery in cash.
- Purchase of goods on credit.
- Sale of furniture at the price at which it is purchased.
- Sale of goods at a profit.
- Cash received from debtors.

34. The Balance Sheet of A Ltd. as at 31-3-2023 and 31-3-2022 were as follows:

(6)

Particulars	Note No.	31.3.2023 (₹)	31.3.2022 (₹)
I. EQUITY AND LIABILITIES:			
(1) Shareholder's Funds:			
(a) Share Capital		60,000	50,000
(b) Reserve and Surplus	1	41,000	46,000
(2) Non-Current Liabilities:			
Long-term Borrowings		25,000	20,000
(3) Current Liabilities:			
(a) Trade Payables		12,000	10,000
(b) Short term Provision	2	17,000	20,000
TOTAL		1,55,000	1,46,000
II. ASSETS:			
(1) Non-Current Assets:			
(a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment (Machinery)		1,00,000	90,000
(2) Current Assets:			
(a) Inventory		24,000	20,000
(b) Trade Receivables		26,000	32,000
(c) Cash & Cash Equivalents		5,000	4,000
TOTAL		1,55,000	1,46,000

Notes:

(1)	Reserve & Surplus:	31.3.2023 (₹)	31.3.2022 (₹)
	General Reserve	8,000	5,000
	Profit & Loss Balance	33,000	41,000
		41,000	46,000
(2)	Short term Provision:		
	Income Tax Provision	17,000	20,000

Additional Information:

- Depreciation written off on machinery was ₹ 18,000.
- Interest paid on Long-term Borrowings amounted to ₹ 3,000.
- Income tax of ₹ 15,000 has been paid.

Prepare a Cash-Flow Statement.