SET NO. 1

EXAM.ID

Candidates must write the Set No. on the title page of the OMR Sheet.

DAV PUBLIC SCHOOLS, ODISHA ZONE-I

PA-II EXAMINATION, 2021-22

- Check that this question paper contains 14 printed pages.
- Set number given on the right hand side of the question paper should be written

on the OMR SHEET by the candidate.

• Check that this question paper contains 55 questions.

CLASS-XII SUB-ACCOUNTANCY (055)

Time Allowed:90 Minutes

Maximum Marks:40

General Instruction:

Read the following instructions very carefully and strictly follow them:

- **1.** This question paper comprises three **PARTS-I** and **II**. There are 55 questions in the question paper.
- 2. There is an internal choice provided in each section.
- *I. Part- I,* contains three Sections –A, B and C. Section A has questions from 1 to 18 and Section B has questions from 19 to 36, You have to attempt any 15 questions each in both the sections. *II. PART-I, Section C has questions from 37 to 41. You have to* attempt any 04 questions. *III. PART-II, contains two sections – A and B. Section A* has questions from 42 to 48, you have to attempt any 05 questions and Section B has questions from 49 to 55, You have to attempt any 06 questions.
- 3. All question carry equal marks. There is No negative marking.
- **4**. Specific Instructions related to each Part and subdivisions (Section) is mentioned clearly before the questions. Candidates should read them thoroughly and attempt accordingly.

<u>Part-I</u>

Section-A

(Section A consists of 18 questions. Any 15 questions are to be attempted. The first attempted 15 questions would be evaluated.)

Q1. At the time of change in profit sharing ratio, advertisement expenditure is _____ and partners' capitals are _____.

(A) Credited, Debited	(B) Debited, Credited	
(C) Both (a) and (b)	(D) None of these	

Q2. 600 shares of Rs. 10 each were forfeited for non-payment of Rs. 2 per share on first call and Rs.5 per share on final call. Share forfeiture account will be credited with

(A) Rs. 1,200 (B) Rs. 1,800 (C) Rs.3,000 (D) Rs.4,200

Q3. A company forfeited 4,000 shares of Rs.10 each on which application money of Rs. 3 has been paid. Out of these 2,000 shares were reissued as fully paid up and Rs.4,000 has been transferred to capital reserve. Calculate the rate at which these shares were reissued

(A) Rs. 10 per share (B) Rs.9 per share (C) Rs.11 per share (D) Rs. 8 per share

Q4. A company issued 10,000 shares of Rs.10 each. Amount is payable as Rs.2 on application ,Rs. 5 on allotment and Rs. 3 on first and final call. A shareholder who had 1,000 shares failed to pay allotment and first call amount on due date. What will be the amount received by company against issue of shares ?

(A) Rs. 20,000 (B) Rs.92,000 (C) Rs.1,00,000 (D) 80,000

Q5. What will be the correct sequence of events ?

- (i) Forfeiture of share (ii) Default on Calls
- (iii) Re-issue of shares (iv) Amount transferred to capital reserve Options:
- (A) (i), (iv), (ii), (iii) (B) (ii), (iv), (i), (iii)
- (C) (ii), (i), (iii), (iv) (D) (iii), (iv), (i), (ii)

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Q6. A , B and C are partners sharing profits in the ratio of 5:3:2. They have admitted D into the partnership for $\frac{1}{6}$ th share. An extract of their balance sheet on 1st April 2020 is as follows

Liabilities	Amt (Rs.)	Assets	Amt (Rs.)
Investment Fluctuation Fund	27,000	Investment(cost)	3,00,000

If the market value of the investments is Rs. 2,90,000, then the investment fluctuation fund will be shown in the balance sheet of the firm at

(A) Rs. 27,000	(B) Rs.20,000
(C) Rs.10,000	(D) Rs.13,000

Q7. In the absence of partnership deed ,the Partnership Act,1932 provides for no interest on

(A) Drawing	(B) Capital
(C) Both (A) & (B)	(D) Partner's Loan

Q8. Revaluation account is credited in case of

(A) increase in value of assets	(B) record of unrecorded asset

(C) Both (A) and (B) (D) None of the above

Q9. Jay and Viru started a partnership with a guarantee given to Jay of Rs.30,000 profits per year. The profits for 2020-21 are Rs. 60,000.Assuming 2:1 as profit sharing ratio, calculate Jay's share of profit.

- (A) Rs.20,000 (B) Rs. 30,000
- (C) Rs.40,000 (D) Can't say

Q10. At the time of admission, the incoming partner becomes liable for the ______ of the firm and also acquires right on the ______

- (A) assets, liabilities (B) goodwill, capital
- (C) liabilities, assets (D) None of these

- Q11. On 1st October, 2020, Mohan extended a loan to his partnership firm (without any agreement) of Rs 10,000.His interest for the year ending 31st December,2020 is
 - (A) Rs.600 (B) Rs.300
 - (C) Rs.150 (D) Nil

Q12. Revaluation of assets at the of reconstitution is necessary because their present value may be different from their:

(A) Market Value (B) Net Value (C) Cost of Asset (D) Book Value

Q13. Find capitalized value of business from the following information

Annual Profit =Rs 1,60,000 Normal Rate of Profit =20%

Assets (including cash) =Rs 12,40,000 Cash = Rs 40,000

Outside Liabilities = Rs 2,00,000

(A) Rs 8,00,000	(B) Rs 32,00,000

(C) Rs 1,04,000 (D) Rs 9,00,000

Q14. If the purchase consideration is more than net worth, then which account will be debited for the difference amount ?

(A)	Capital Reserve A/c	(B)	Asset A/c
(C)	Goodwill A/c	(D)	Vendor

Q15. If discount on reissue of shares is less than the amount forfeited, the surplus

is transferred to

- (A) Capital Reserve (B) General Reserve
- (C) Securities Premium Reserve (D) Statement of Profit and Loss

Q16.When is there no need to value the goodwill?

(A) Admission of partner	(B) Retirement of partner
(C) Death of partner	(D) None of the above

Q17. Ram and Shyam are partners sharing profits in the ratio of 3:2. They admit Tarun as a new partner. After his admission ,the profit sharing ratio becomes 5:5:3. On the date of Tarun's admission ,goodwill of the firm is valued at Rs.13,00,000. The amount of goodwill brought in by Tarun will be

(A) Rs. 5,00,000 (I	B) Rs.10,00,000
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(C) Rs.3,00,000 (D) Rs,13,00,000

Q18. Virat and Rohit are partners in a firm with capital Rs 20,000 and Rs 40,000 respectively. Profit for FY 2021 is Rs 60,000. Who will get how much share?

(A) Virat Rs 20,000, Rohit Rs 30,000 (B) Virat Rs 20,000, Rohit Rs 40,000

(C) Virat Rs 30,000, Rohit Rs 40,000 (D) None of these

<u>Part-I</u>

Section-B

(Section A consists of 18 questions (19 to 36). Any 15 questions are to be attempted. The first attempted 15 questions would be evaluated.)

Q19. A and B were partners in affirm. Their Balance Sheet showed Furniture, at Rs.2,00,000; Stock at Rs.1,40,000; Debtors at Rs.1,62,000 and Creditors at Rs.60,000. C was admitted and new profit-sharing ratio was agreed at 2:3:5.Stock was revalued at Rs. 1,00,000, Creditors of Rs.15,000 are not likely to be claimed, Debtors for Rs.2,000 have become irrecoverable and provision for doubtful debts to be provided @ 10%

A's share in the loss on revaluation amounted to Rs.30,000. Revalued value of furniture will be:

(A) Rs 2,17,000	(B) Rs.1,03,000
(C) Rs.3,03,000	(D) Rs.1,83,000

Q20. X and Y are partners in a firm. They admit Z for $\frac{1}{3}$ share. Z brought Rs.2,00,000 as his capital and Rs. 60,000 for premium. Which journal entry reflects the correct accounting treatment of the above situation.

(A) Bank A/c	Dr 2,60,000	
To Z's Capital	A/c	2,00,000
To Premium for	Goodwill A/c	60,000
(B) Z's Capital A/c	Dr 2,00,000	
To Bank A/c		2,00,000
(C) Z's Capital A/c	Dr	2,00,000
Premium for Goodwil	l A/c Dr	60,000
To Bank A/c		2,60,000
(D) Bank A/c	Dr 2,00,00	00
To Z's Capital	A/c	2,00,000

Q21. Asha and Nisha are partner's sharing profits in the ratio of 2:1.Disha was admitted for 1/4 share of which 1/8 was gifted by Asha. The remaining was contributed by Nisha. Goodwill of the firm is valued at Rs. 40,000.How much amount of goodwill will be credited to Nisha's Capital account ?

(A) Rs.2,500	(B) Rs.5,000
(C) Rs.20,000	(D) Rs. 40,000

Q22. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R)

Assertion (A): Transfer to reserves is shown in P&L Appropriation A/C

Reason(R): Reserves are charged against the profits.

In the context of the above statements, which one of the following is correct ?

(A) (A) is correct, but (R) is wrong (B) Both (A) and (R) are correct

(C) (A) is wrong, but (R) is correct (D) Both (A) and (R) are wrong

Q23. At the time of change in profit sharing ratio, what will be the impact on revaluation account if investment depreciates in value by 20% assuming existing book value of investments in balance sheet is Rs.80,000 and there is a investment fluctuation reserve existing in balance sheet at Rs. 10,000 ?

(A) Debit Rs. 10,000	(B) Debit Rs.16,000			

(C) Debit Rs. 6,000

(D) None of these

Q24. Ram and Mohan are partners in a firm. They share their profits in the ratio of 2:3. The accountant of the firm, finalized the profit and loss and capital account and presented the accounts to them. Ram disagreed with accounts because Ram's capital account showed negative balance. Ram is in doubt, this cannot happen. Give your opinion.

(A) Ram is wrong	(B) Ram is correct
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- (C) Accountant is wrong (D) None of the above
- Q25. Rani and Swati came together to provide free food to poor covid patients during the pandemic. They can call this a partnership.

(A) True (B) False (C) Can't say (D) partially true

- Q26. There are two statements marked as Assertion(A) and Reason (R). Read the statements and choose the appropriate option from the options given below:
 - (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 - (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
 - (C) Assertion (A) is false ,but Reason (R) is true
 - (D) Assertion (A) is true, but Reason (R) is false

Assertion (A) : It is necessary to ascertain new profit sharing ratio for old partners when a new partner is admitted.

Reason (**R**) : New partner acquires his share from old partners which reduces old partners' share in profits.

- Q27. A company issued 25,000 shares and received applications for 50,000 shares. Company wants to allot shares to everyone who has applied .What will be the ratio for allotment ?
 - (A) 2:1 (B) 1:2 (C) 1:1 (D) 5:1
- Q28. Minimum subscription should be 95% of the issued capital
 - (A) True (B) False (C) Can't say (D) Partially true
- Q29. P,Q and R are partners with Rs. 1,00,000, Rs.2,00,000 and Rs.3,00,000 capital respectively. Profits are to be divided equally. Interest on capital to be

provided @ 10% p.a.Net Loss is Rs.6,000. What is P's share of interest on capital ?

(A) (Rs.3,000) (B) (Rs.2,000)	(A)	(Rs.3,000)	(B) (Rs.2,000)
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(C) (Rs.1,000) (D) Nil

Q30. 700 shares of Rs. 10 each were re-issued as Rs.9 paid up for Rs.7 per share. Journal entry for re-issue will be

(A) Bank A/c	Dr 4,900
Share Discount A/c	Dr 1,400
To Share Capital A/c	6,300
(B) Bank A/c	Dr 4,900
To Share Capital A/c	2,900
(C) Bank A/c	Dr 4,900
Share Forfeiture A/c	Dr 1,400
To Share Capital A/c	6,300
(D) Bank A/c	Dr 4,900
Share Forfeiture A/c	Dr 2,100
To Share Capital A/c	7,000

Q31. There are two statements marked as Assertion(A) and Reason (R). Read the statements and choose the appropriate option from the options given below:

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)

(C) Assertion (A) is false ,but Reason (R) is true

(D) Assertion (A) is true, but Reason (R) is false

Assertion (A) : Calls-in-arrear is the amount which has not been called by the company but has been paid by the shareholders.

Reason (**R**) : Calls-in-arrear will be shown as a deduction from the subscribe but not fully paid up capital.

Q32.Salary given to Shankar Rs. 10,000 under the fixed capital method. What will be the entry for the transaction ?

- (A) Shankar's Current A/c Dr 10,000
 - To P/L A/c 10,000
- (B) Shankar's Capital A/c Dr 10,000

To P/L A/c 10,000

- (C) P/L Appropriation A/c Dr. 10,000
 - To Shankar's Current A/c 10,000
- (D) P/L Appropriation A/c Dr. 10,000

To Shankar's Capital A/c 10,000

- Q33. If the premium on forfeited shares has already been received, then securities premium account should be
 - (A) credited (B) debited (C) No treatment (D) None of these
- Q34. If shares of Rs.4,00,000 are issued for purchase of assets Rs.5,00,000. Rs.1,00,000 will be treated as _____
 - (A) discount (B) premium (C) profit (D) loss
- Q35. X, Y and Z are partners sharing profits in the ratio of 3:2:1. They agree to admit G into the firm. X, Y and Z agreed to give $\frac{1}{3}$ rd, $\frac{1}{6}$ th and $\frac{1}{9}$ th share of their profit. The share of profit of G will be
 - (A) $\frac{11}{54}$ (B) $\frac{13}{54}$ (C) $\frac{1}{10}$ (D) $\frac{12}{54}$
- Q36. 2,000 shares of Rs.10 on which Rs. 7 have been called and Rs.5 has been paid are forfeiture out of these 1,500 shares is reissued for Rs.9 as fully paid. What is

the amount to be debited to share forfeiture account at the time of reissue of shares ?

(A) Rs.13,500 (B) Rs.1,500 (C) Rs. 15,000 (D)Rs.14,000

<u>Part-I</u>

Section-C

(Section C consists of 5 questions (37 to 41). Any 04 questions are to be attempted. The first attempted 04 questions would be evaluated.) Question no's 37 and 38 are based on the situation given below.

Direction : Read the following case study and answer questions 37 to 38 on the basis of the same.

M Ltd. invited applications for issuing 2,00,000 equity shares of Rs.10 each at a premium of Rs.20 per share. The amount was payable as follows;

On Application-Rs.2 per share,

On Allotment – Rs. 13per share (including Rs. 10 premium)

On First Call-Rs.7 per share (including Rs.5 premium)

On Final Call- Rs.-8 per share (including Rs.5 premium)

Applications for 1,80,000 shares was received. Share were allotted to all the applicants. Jogesh a shareholder holding 5,000 shares paid his entire share money along with the allotment money . Rahim is a holder of 7,000 shares, failed to pay the allotment money. Afterwards the first call was made. Rahim paid the allotment money along with the first call money. Somesh, holding 2,000 share did not pay the final call. Somesh's shares were forfeited immediately after the final call. Out of the forfeited shares, 1,500 shares were re-issued at Rs.8 per share fully paid up.

Q37. What is the amount of calls- in- advance ?

(A) Rs.40,000	(B)	Rs.35,000
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(C) Rs.70,000 (D) Rs.75,000

Q38. What is the amount of allotment money received ?

(A) Rs.23,00,000 (B) Rs.23,24,000

(C) Rs.24,23,000 (D) Rs. 24,00,000

Question no's 39 and 40 and 41 are based on the situation given below.

Ram and Shyam are partners in a firm sharing profits and losses equally. On 1st April,2018, the capital of the partners were Rs.2,00,000 and Rs.1,50,000 respectively. The profit and loss appropriation account of the firm showed a net profit of Rs.3,75,000 for the year ended 31st March 2019. The terms of partnership deed provided the following:

- (i) Transfer 10% of distributable profits to reserve fund.
- (ii) Interest on capitals @ 6% p.a.
- (iii) Interest on drawings @ 6% p.a..Drawings being Ram Rs.40,000 and Shyam Rs.30,000.

The partners decided to provide clean drinking water build toilets in a nearby school.

- Q39. What is the average period for which interest on drawings will be calculated ?
 - (A) 3 (B) 6 (C) 9 (D) 12
- Q40. The total interest on capital provided is Rs.
 - (A) Rs.9,000 (B) Rs.12,000 (C) Rs.21,000 (D) None of these

Q41. The lesser interest on drawings charged is Rs.

- (A) Rs.900 (B) Rs.1,200 (C) Rs.2,100
 - (D) None of these

PART-II

SECTION-A

(Section A consists of 7 questions (42 to 48). Any 05 questions are to be attempted. The first attempted 05 questions would be evaluated.)

Q42. There are two statements marked as Assertion(A) and Reason (R). Read the statements and choose the appropriate option from the options given below:

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)

(C) Assertion (A) is false , but Reason (R) is true

(D) Assertion (A) is true, but Reason (R) is false

Assertion (A) : Certain accounting conventions like convention of consistency, conservatism, full disclosure, etc. are followed while preparing financial statement. **Reason** (**R**) : Use of accounting convention makes the financial statement comparable, simple and realistic.

Q43. The ______ is a measure of liquidity which excludes _____, generally the least liquid asset.

- (A) Current ratio; trade receivable (B) Liquid ratio; trade receivables
- (C) Current ratio; inventory (D) Liquid ratio; inventory

Q44. The two basic measures of operational efficiency of a company are

- (A) Inventory Turnover Ratio and Working Capital Turnover Ratio
- (B) Liquid Ratio and Operating Ratio
- (C) Liquid Ratio and Current Ratio
- (D) Gross Profit Margin and Net Profit Margin

Q45. Which of the following ratios measure the long-term solvency of organization?

- (A) Debt-Equity Ratio
- (B) Liquid Ratio (C) Proprietary Ratio (D) Both (A) and (C)

Q46. The analysis that is made to review and analyse the financial statement for a number of year known as _____

- (A) Horizontal Analysis
- (C) Ratio Analysis

- (B) Vertical Analysis
- (D) None of these

Q47. Match the following

Column-I					Column-II					
(A) Loo	se Tool	S			(i) Intang	ible Fix	ked Ass	sets		
(B) Pate	ents				(ii) Other	Current	t Asse	ts		
(C) Prep	paid insu	urance			(iii) Long	term B	orrowi	ngs		
(D) Deb	entures				(iv) Inven	tories				
Find out	t the con	rect op	tion							
	А	В	С	D		А	В	С	D	
(A)	(i)	(ii)	(iii)	(iv)	(B)	(iv)	(i)	(ii)	(iii)	

(D)

(C) (iv) (i) (ii) (iii)

Q48. Which of the following is/are not the components of quick assets ?

(A) Inventories

(B) Prepaid Expenses

(iv)

(i)

- (C) Cash and Cash Equivalents

(iii)

(D) Both (A) and (B)

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(ii)

PART-II

SECTION-B

(Section B consists of 7 questions (49 to 55). Any 06 questions are to be attempted. The first attempted 06 questions would be evaluated.)

- Q49. The working capital of Mishra Ltd. is Rs. 2,00,000 and its current assets are Rs. 6,00,000. What is the current ratio ?
 - (A) 1 (B) 2 (C) 1.5 (D) 3
- Q50. What will be the Gross Profit Ratio of a firm if its opening inventory Rs. 5,00,000; closing inventory Rs. 3,00,000 and Inventory Turnover Ratio 8 times. Selling price 25% above cost .
 - (A) 30% (B) 20% (C) 10% (D) 40%

Q51. Which of the following statements is false ?

- (a) When all the comparative figures in a balance sheet are stated as percentage of the total, it is termed as horizontal analysis.
- (b) When financial statements of several years are analysed, it is termed as vertical as vertical analysis.
- (c) Vertical analysis is also termed as time series analysis.

Choose from the following options.

(A) Both (a) and (b)	(B) Both (a) and (c)
(C) Both (b) and (c)	(D) Both (a), (b), (c)

Q52. There are two statements marked as Assertion(A) and Reason (R). Read the statements and choose the appropriate option from the options given below:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
- (C) Assertion (A) is false ,but Reason (R) is true
- (D) Assertion (A) is true, but Reason (R) is false

Assertion (A) : Inventories and prepaid expenses are not considered as quick assets.

Reason (**R**) : Inventories takes some time before it is converted into cash while prepaid expenses can be converted into cash.

- Q53. There are two statements marked as Assertion(A) and Reason (R). Read the statements and choose the appropriate option from the options given below:
 - (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 - (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
 - (C) Assertion (A) is false ,but Reason (R) is true

(D) Assertion (A) is true, but Reason (R) is false

Assertion (A): The debt to equity ratio will increase at the time of issue of equity shares for cash.

Reason (**R**) : Issue of equity shares will increase the shareholders' funds but the long term debts will remain the same.

Q54. Current ratio of Vikash Pvt. Ltd. is 3:2. Accountant wants to maintain it at 2:1. Following options are available:

- (a) He can repay bills payable
- (b) He can take short term loan.
- (c) He can purchase goods on credit
- Choose the correct option.

(A) Only (a) is correct

(C) Only (a) and (c) are correct (D) Only (b) and (c) is correct

(B) Only (b) is correct

Q55. If the Operating Cycle cannot be identified, it is assumed to be a period of

(A) 3 months (B) 6 months (C) 9 months (D) 12 months