

Time : 3 Hours
Maximum Marks : 80

ACCOUNTS
ISC
Sample Question Papers

1

Self Assessment Paper

General Instructions :

1. Part – I of Section A is compulsory.
2. Answer any four questions from Part – II of Section A and any two questions from Section B.
3. The intended marks for Questions or Parts of Questions are given in brackets [].
4. Transactions should be recorded in the answer book.
5. All calculations should be shown clearly.
4. All working including rough work, should be done on the same page as, and adjacent to, the rest of the answer.

Section – A

Part – I

Attempt all Questions from this section

1. **Answer briefly each of the following Questions :** (6 × 2 = 12)
 - (i) List two instances when a partner's fixed capital may change.
 - (ii) Give the formula for valuation of goodwill by the Capitalisation of Average Profit Method.
 - (iii) What are trade investments ?
 - (iv) What is meant by Redemption of Debentures ?
 - [AI]** (v) Mention any two differences between premium on Issue of Debentures and Premium on Redemption of debentures ?
 - (vi) What will be the treatment of loan given to a partner by the firm at the time of its dissolution?

Part – II

Answer any four Questions

2. (A) Mita, Rita and Sandra were partners in a firm, sharing profit and losses in the ratio of 2 : 2 : 1. Mita had personally guaranteed that in any year Sandra's share of profit, after allowing interest on capital to all the partners @ 5% per annum and charging interest on drawings @ 4% per annum, would not be less than ₹ 10,000.
The capitals of the partners on 1st April, 2015 were :
Mita ₹ 80,000, Rita ₹ 50,000 and Sandra ₹ 30,000.
The net profit for the year ended 31st March, 2016 before allowing or charging any interest amounted to ₹ 40,000.
Mita had withdrawn ₹ 4,000 on 1st April, 2015, while Sandra withdrew ₹ 5,000 during the year.

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You are required to prepare the Profit & Loss Appropriation Account for the year 2015-16. [4]

- (B) Angad, Kunal and Nitin were partners sharing profits and losses in the proportion of 2 : 2 : 1 respectively. The Balance Sheet of their firm on 31st March, 2019, stood as follows :

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital Accounts :			Stock		12,500
Angad	12,500		Machinery		17,500
Kunal	15,000		Motor Van		4,000
Nitin	<u>20,000</u>	47,500	Buildings		22,500
Creditors		10,000	Bank		1,250
Bills Payable		2,000	Debtors	8,000	
General Reserve		6,000	Less : Provision for Doubtful debts	<u>(250)</u>	7,750
		65,500			65,500

Kunal retires on 1st April, 2019, subject to the following adjustments :

- Provision for bad and doubtful debts to be increased by ₹ 975.
- Stock to be appreciated by 20% and Building by 10%.
- Machinery to be depreciated by 10% and Motor Van by 15%.
- Goodwill of the firm to be valued at ₹ 9,000.

You are required to prepare :

- Revaluation Account.
- Partners' Capital Accounts.
- Balance Sheet of the Reconstituted firm. [8]

3. (A) Anita, Asha and Bashir are partners sharing profits and losses in the ratio of 3 : 2 : 1 respectively. From 1st April, 2016, they decided to change their profit sharing ratio to 2 : 1 : 3. Their partnership deed provides that in the event of any change in the profit changing ratio, the goodwill of the firm should be valued at two years' purchase of the average super profits for the past three years :

2015-16	Profit ₹ 40,000
2014-15	Profit ₹ 30,000
2013-14	Loss ₹ 10,000

The average capital employed in the business was ₹ 1,10,000; the rate of interest expected from capital invested was 10%.

You are required to :

- Calculate the value of goodwill at the time of change in profit sharing ratio. (Show the workings-clearly with formulae.)
- Pass the journal entry to record the change. [4]

- (B) X, Y and Z were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 28.2.2019, their firm was dissolved. The Balance Sheet of the firm on the date of dissolution was as follows :

Liabilities		Amount (₹)	Assets		Amount (₹)
Bank Loan		2,17,000	Bank		24,000
Creditors		1,90,000	Debtors	1,37,000	
General Reserve		70,000	Less : Provision for Bad and Doubtful Debts	<u>(4,000)</u>	1,33,000
Capitals :			Stock		54,000
X	7,00,000		Furniture		66,000
Y	5,00,000		Machinery		2,00,000
Z	<u>3,00,000</u>	15,00,000	Building		15,00,000
		19,77,000			19,77,000

Assets realised as follows :

- (i) Debtors ₹ 1,27,000, Stock at 10% less, book value, Furniture was taken over by X for ₹ 40,000.
- (ii) Building was sold for ₹ 15,70,000. 50% of the Machinery was taken over by Y at 50% less than the book value.
- (iii) Bank loan was paid with interest ₹ 4,500. Remaining machinery was sold at 50% profit.
- (iv) Creditors were paid at a discount of 10%.
- (iv) X paid ₹ 5,000 for dissolution expenses.

Prepare Realisation A/c, Partners' Capital A/cs and Bank A/c. [8]

4. Sachdeva Tyres & Company Limited issued applications for 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows :

- (i) On application : ₹ 2
- (ii) On allotment : ₹ 5 (including premium)
- (iii) Balance on the first and the final call.

Applications were received for 1,50,000 shares. Allotment was made pro-rata to all applicants. Sudhir who had applied for 300 shares failed to pay allotment and call money. His shares were forfeited after the final call. Of these, 170 shares were reissued to Pramod at ₹ 9 per share fully paid.

Pass the necessary journal entries to show the above transactions. Show your working clearly. [12]

5. Neha and Tara are partners in a firm with profit sharing ratio 3 : 2. Their Balance Sheet as on 31st March, 2018 stood as follows :

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital Accounts :			Plant and Machinery		12,000
Neha	8,000		Land & Building		14,000
Tara	10,000	18,000	Debtors	19,000	
General Reserve		12,000	Less : Provision	(4,000)	15,000
Workmen's Compensation Fund		5,000	Stock		6,000
Creditors		15,000	Cash		3,000
		50,000			50,000

They agreed to admit Prachi into partnership for 1/5th share of profit on 1st April, 2018 on the following terms :

- (i) All debtors are good.
- (ii) Value of land and building to be increased to ₹ 18,000.
- (iii) Value of plant and machinery to be reduced by ₹ 2,000.
- (iv) The liabilities against Workmen Compensation Fund is determined at ₹ 2,000 which is to be paid in later years.
- (v) Partner will bring ₹ 10,000 for Goodwill in cash.
- (vi) She will bring ₹ 12,250 as her capital.

You are required to prepare :

- (a) Revaluation A/c
- (b) Partners Capital A/cs
- (c) Balance Sheet of new firm

[12]

6. X, Y and Z are partners sharing profit and loss in the ratio of 3 : 2 : 1. X withdraws ₹ 2,000 at the beginning of every month, Y withdraws ₹ 1,500 in the middle of every month whereas Z withdraws ₹ 1,000 at the end of every month. Interest on capitals and drawings is to be charged @10% p.a. Z is also to be allowed a salary of ₹ 800 per month. After deducting salary but before allowing any type of interest, the profit for the year ending 31st March, 2019 was ₹ 1,22,150. Prepare Profit and Loss Appropriation Account, Partner's Capital Accounts and Current Accounts from the additional information give below :

Particulars	X (₹)	Y (₹)	Z (₹)
Capital Accounts on 1 st April, 2018	2,00,000	1,50,000	1,00,000
Additional capitals introduced on 1 st July, 2018	50,000	30,000	—
Capital withdrawn on 1 st January, 2019	—	—	20,000
Current Accounts on 1 st April, 2018	12,200	5,500	4,100 (Dr.)
Loan Accounts on 1 st April, 2018	40,000	—	—

[12]

7. (A) Mansi Ltd. had 6,000, 10% Debentures of ₹ 100 each due for redemption on 31st March, 2018. Assuming that the debentures were redeemed out of profits, pass necessary Journal Entries for the redemption of debentures. There was a credit balance of ₹ 6,00,000 in the Profit and Loss Account. [4]
- (B) You are required to pass journal entries for the Issue of Debentures in the following conditions :
- Ben Ltd. issued 5,000, 12% Debentures of ₹ 100 each at par, redeemable at 5% premium after five years.
 - Rex Ltd. issued ₹ 2,00,000 12% Debentures of ₹ 100 each at a discount of 2%, redeemable at a premium of 5% after 10 years.
 - Josh Ltd. issued 6,000, 12% Debentures of ₹ 100 each at a premium of 5%, redeemable at a premium of 10% after 6 years.
 - Oxygen Ltd. issued ₹ 30,000, 7% Debentures of ₹ 100 each to a creditor for ₹ 25,000 in full satisfaction of his claim. The company had purchased machinery from him.

Note : Company writes off its capital loss in the year in which it occurs.

[8]

8. Following is the Trial balance of Moon Light Ltd. on 31st March, 2019.

Trial Balance
as on 31 March, 2019

Particulars	Debit (₹)	Credit (₹)
Share Capital (40,000 Equity Shares of ₹ 10 each)		4,00,000
Bills Receivables	90,000	—
16% Mortgage Loan	—	1,70,000
Stores and Spares	1,15,000	—
Debtors	1,66,000	—
Plant and Machinery	2,90,000	—
Goodwill	40,000	—
Provision for Tax	—	26,000
General Reserve	—	1,30,000
Cash in hand	18,000	—
Calls in Arrears	2,000	—
Marketable Securities	5,000	—
Total	7,26,000	7,26,000

- (A) Prepare the Balance Sheet of the firm as per the Schedule III of the Companies Act, 2013. [8]
- (B) Also prepare Notes to Accounts. [4]

Section - B

Answer *any two* Questions

9. (A) State whether the following would result in inflow, outflow or no flow of cash :
- Bills Receivable endorsed to creditors
 - Old vehicle written off
- [2]
- (B) From the following data, prepare a Common Size Balance Sheet of Palms Ltd. as at 31st March, 2018 : (All calculations up to two decimal places)

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Particulars	31.03.2018 (₹)
Share Capital	24,00,000
Trade Payables	2,40,000
Fixed Assets (Tangible)	20,00,000
Fixed Assets (Intangible)	2,00,000
Reserves and Surplus	3,60,000
Cash and Bank Balances	8,00,000
Short-term Loans and Advances	2,00,000
Short-term Borrowings	40,000
Long-term Borrowings	1,60,000

[6]

(C) What is Gross Profit Ratio and Net Profit Ratio ?

[2]

10. From the following information of Purity Ltd., calculate:

(i) Cash Flow from Operating Activities

(ii) Cash Flow from Financing Activities

Particulars	31.03.2016 (₹)	31.03.2015 (₹)
Trade Receivables	17,000	20,000
Inventories	25,000	30,000
Prepaid Expenses	12,000	10,000
Expenses Outstanding	9,000	7,000
Provision for Tax	15,000	10,000
Cash in hand	50,000	75,000
Furniture (at Book Value)	1,20,000	1,60,000
General Reserve	50,000	40,000
10% Debentures	40,000	30,000
Goodwill	60,000	70,000
Trade Payables	21,000	25,000
Balance of Statement of Profit and Loss (Cr.)	1,35,000	1,24,000
Share Capital	5,00,000	3,00,000

Additional Information :

During the year 2015-16 :

(i) A piece of furniture costing ₹ 30,000 (Accumulated Depreciation ₹ 3,000) was sold for ₹ 25,000.

(ii) Tax of ₹ 9,000 was paid.

(iii) Interim Dividend of ₹ 4,000 was paid.

(iv) The company paid ₹ 3,000 as Interest on Debentures.

[10]

11. (A) What is Common Size Statement ?

[2]

(B) From the following Statement of Profit and Loss of Gama Ltd. for the year 2017-18, calculate (up to two decimal places) :

(i) Net Profit Ratio

(ii) Operating Profit Ratio

(iii) Current Ratio

(iv) Quick Ratio

**Statement of Profit and Loss of Gama Ltd.
for the year ending 31st March, 2018**

Particulars	Note No.	Amount (₹)
Revenue from operations		3,00,000
Other income (Dividend received)		40,000
Total Revenue		3,40,000
Expenses :		
Purchases		1,80,000
Change in Inventories	1	(4,000)
Employee Benefit Expenses (Salaries)		10,000
Depreciation and Amortization (Depreciation of Fixed Assets)		28,000
Other Expenses	2	6,000
Total Expenses		2,20,000
Profit before tax		1,20,000
Less : Provision for Tax		(48,000)
Profit after Tax		72,000

Notes to Accounts

	Particulars	₹
1.	Change in Inventories :	
	Opening Inventory	8,000
	Closing Inventory	12,000
		(4,000)
2.	Other Expenses :	
	Carriage Outward	4,000
	Rent	2,000
		6,000

Additional Information :

Total Current Liabilities as on 31 st March, 2018	₹ 50,000
Current Assets (other than inventory) as on 31 st March, 2018	₹ 70,000

[6]

- (C) Calculate amount of Opening Trade Receivables and Closing Trade Receivables from the following figures :

Trade Receivable Turnover ratio	5 times
Cost of Revenue from Operations	₹ 8,00,000
Gross Profit ratio	20%
Closing Trade Receivables were ₹ 40,000 more than in the beginning	
Cash sales being 1/4 times of Credit sales	

[2]

Finished Solving the Paper ?
Time to evaluate yourself !
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OR

SCAN THE CODE



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