

SET NO. 1

EXAM.ID

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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 to18 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.

**Part-I**

**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)

**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 1<sup>st</sup> April 2020 is as follows**

<b>Liabilities</b>	<b>Amt (Rs.)</b>	<b>Assets</b>	<b>Amt (Rs.)</b>
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 1<sup>st</sup> October, 2020, Mohan extended a loan to his partnership firm (without any agreement ) of Rs 10,000.His interest for the year ending 31<sup>st</sup> 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 (B) Rs.10,00,000  
(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

**Part-I**

**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 a firm. 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 Goodwill A/c Dr 60,000  
     To Bank A/c 2,60,000
- (D) Bank A/c Dr 2,00,000  
     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  $\frac{1}{4}$  share of which  $\frac{1}{8}$  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











(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 1<sup>st</sup> 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 31<sup>st</sup> 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                                    (B) Vertical Analysis  
 (C) Ratio Analysis    (D) None of these

**Q47. Match the following**

Column-I	Column-II
(A) Loose Tools	(i) Intangible Fixed Assets
(B) Patents	(ii) Other Current Assets
(C) Prepaid insurance	(iii) Long term Borrowings
(D) Debentures	(iv) Inventories

Find out the correct option

- |     |      |      |       |       |     |       |      |      |       |
|-----|------|------|-------|-------|-----|-------|------|------|-------|
|     | A    | B    | C     | D     |     | A     | B    | C    | D     |
| (A) | (i)  | (ii) | (iii) | (iv)  | (B) | (iv)  | (i)  | (ii) | (iii) |
| (C) | (iv) | (i)  | (ii)  | (iii) | (D) | (iii) | (iv) | (i)  | (ii)  |

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

- (A) Inventories    (B) Prepaid Expenses  
 (C) Cash and Cash Equivalents                      (D) Both (A) and (B)

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

\*\*\*\*\* ALL THE BEST \*\*\*\*\*