Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 67/1/1

ACCOUNTANCY

CBSE Class XII Board Examination 2023

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. The paper has 34 questions in two parts, Part A and Part B. All questions are compulsory.
2. Part A (Accounting for Partnership Firms and Companies) is compulsory for every candidate.
3. Part B has two options: (1) Analysis of Financial Statements and (2) Computerised Accounting. Attempt only the option you have opted for.
4. Q1–16 and Q27–30 carry 1 mark each; Q17–20, 31 and 32 carry 3 marks each; Q21, 22 and 33 carry 4 marks each; Q23–26 and 34 carry 6 marks each.
5. There is no overall choice, but internal choices are given in seven 1-mark questions, two 3-mark questions, one 4-mark question and two 6-mark questions.

PART A

Accounting for Partnership Firms and Companies. Q1–16: 1 mark each; Q17–20: 3 marks each; Q21–22: 4 marks each; Q23–26: 6 marks each.

1. Hina and Neena are partners. During the year ended 31 March 2022, Neena took out ₹10,000 at the START of every month. Interest on drawings is charged at 6% p.a. What is the interest on Neena's drawings for the year? **1**

(A) ₹3,900 **(B)** ₹325

(C) ₹3,600 **(D)** ₹3,300

OR

Vibha and Asha are partners. During the year ended 31 March 2022, Asha withdrew ₹1,000 at the END of every quarter. For charging interest on drawings, the average period to be used is:

(A) 6 months **(B)** 4½ months

(C) 7½ months **(D)** 6½ months

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2. Aman and Chaman are partners and have no partnership deed. Aman lent ₹6,00,000 to the firm on 1 July 2021. How much interest on this loan is Aman entitled to for the year ended 31 March 2022? **1**

(A) ₹36,000 **(B)** ₹18,000

(C) ₹9,000 **(D)** ₹27,000

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3. Akshita Ltd. bought net assets worth ₹4,70,000 and paid for them by issuing fully paid shares of ₹5,00,000. The extra ₹30,000 paid will be _____ to _____ account. **1**

(A) debited, Goodwill **(B)** debited, Capital Reserve

(C) credited, Capital Reserve **(D)** credited, General Reserve

OR

Maira Ltd. took over assets of ₹12,00,000 and liabilities of ₹4,00,000 of Subav Ltd. for an agreed purchase consideration of ₹9,00,000, to be paid by issuing 11% debentures of ₹100 each at a 10% discount. How many debentures will be issued?

(A) 9,000 **(B)** 10,000

(C) 8,000 **(D)** 11,000

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4. Kavita, Savita and Madhu are partners with capitals of ₹6,00,000, ₹4,00,000 and ₹2,00,000. Interest on capital is allowed @ 10% p.a. and the remaining profit is shared Kavita 1/3, Savita 1/2 and Madhu 1/6. Kavita has personally guaranteed that Savita's share of profit (after interest on capital) will never be less than ₹1,00,000. Profit for the year ended 31 March 2022 before interest on capital was ₹3,00,000. **1**

By how much does Savita's share of profit fall short of the guaranteed amount?

(A) ₹40,000 **(B)** ₹70,000

(C) ₹20,000 **(D)** ₹10,000

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5. Kavita, Savita and Madhu are partners with capitals of ₹6,00,000, ₹4,00,000 and ₹2,00,000. Interest on capital is allowed @ 10% p.a. and the remaining profit is shared Kavita 1/3, Savita 1/2 and Madhu 1/6. Kavita has personally guaranteed that Savita's share of profit (after interest on capital) will never be less than ₹1,00,000. Profit for the year ended 31 March 2022 before interest on capital was ₹3,00,000. **1**

After adjusting the guarantee, how will the profit (after interest on capital) be divided among the partners?

(A) Kavita ₹60,000, Savita ₹40,000 and Madhu ₹20,000

(B) Kavita ₹50,000, Savita ₹1,00,000 and Madhu ₹30,000

(C) Kavita ₹60,000, Savita ₹90,000 and Madhu ₹30,000

(D) Kavita ₹60,000, Savita ₹1,00,000 and Madhu ₹20,000

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6. A company forfeited 400 shares of ₹10 each on which ₹8 per share had been called, because the first call of ₹2 per share was not paid. On forfeiture, Share Capital A/c will be debited with: **1**

(A) ₹4,000 **(B)** ₹800

(C) ₹3,200 **(D)** ₹2,000

OR

Xyle Ltd. issued shares of ₹10 each at a 10% premium. It forfeited 700 shares when the allotment money of ₹5 per share (premium included) and the first and final call of ₹3 per share were not paid. On forfeiture, the Share Forfeiture A/c will be credited with:

(A) ₹7,000 **(B)** ₹1,400

(C) ₹4,900 **(D)** ₹2,100

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7. Rohit Limited issued 2,000, 9% debentures of ₹100 each at ₹95 each. The 9% Debentures A/c will be credited with: **1**

(A) ₹1,90,000 **(B)** ₹1,10,000

(C) ₹2,00,000 **(D)** ₹10,000

OR

Which statement about debentures is NOT correct?

(A) Interest on debentures is a charge and not an appropriation.

(B) Debentures can be issued at discount.

(C) Debentureholders do not have voting rights.

(D) Debentures cannot be converted into shares.

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8. Aman, Aadhar and Avinash share profits 3 : 2 : 1. Avinash retires on 1 July 2022, when the Balance Sheet shows a debit balance of ₹1,20,000 in Profit and Loss Account. To find the amount due to Avinash, this balance is transferred: **1**

(A) To the debit side of the capital accounts of Aman and Aadhar in old profit sharing ratio.

(B) To the debit side of the capital accounts of Aman, Aadhar and Avinash in old profit sharing ratio.

(C) To the credit side of the capital accounts of Aman and Aadhar in new profit sharing ratio.

(D) To the credit side of the capital accounts of Aman and Aadhar in their gaining ratio.

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9. Nidhi, Kunal and Kabir share profits 2 : 1 : 2. Kunal retires; after all adjustments for reserves and revaluation his capital account shows ₹80,000. Nidhi and Kabir agree to pay him ₹1,00,000 in full settlement. Kunal's share of goodwill is: **1**

(A) ₹4,000 **(B)** ₹20,000

(C) ₹16,000 **(D)** ₹1,80,000

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10. Assertion (A): Goodwill is an intangible asset. **1**
Reason (R): Goodwill is the value of a firm's reputation for earning future profits above the normal profits.

(A) Assertion (A) is correct, but Reason (R) is wrong.

(B) Assertion (A) is wrong, but Reason (R) is correct.

(C) Both Assertion (A) and Reason (R) are correct.

(D) Both Assertion (A) and Reason (R) are wrong.

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11. A and B share profits 7 : 1. A withdrew a fixed ₹12,000 at the beginning of every quarter. Interest on drawings is @ 6% p.a. Which journal entry records the interest on A's drawings at year end? **1**

(A) Interest on Drawings A/c Dr. ₹1,800; To A's Capital A/c ₹1,800

(B) Interest on Drawings A/c Dr. ₹1,800; To A's Current A/c ₹1,800

(C) A's Capital A/c Dr. ₹1,800; To Interest on Drawings A/c ₹1,800

(D) Profit and Loss Appropriation A/c Dr. ₹1,800; To Interest on Drawings A/c ₹1,800

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12. The part of authorised capital that is actually offered to the public for subscription is called: **1**

(A) Subscribed capital **(B)** Issued capital

(C) Authorised capital **(D)** Reserve capital

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13. Zinki Ltd. issued a share of ₹100 at a 20% premium. It was forfeited because the first call of ₹30 and the final call of ₹10 were not paid. The lowest price at which this share can be reissued is: **1**

(A) ₹40 **(B)** ₹60

(C) ₹20 **(D)** ₹100

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14. Akshita and Anurag share profits 2 : 1. Akshat is admitted for a 1/3 share, taking 2/3 of his share from Akshita and 1/3 from Anurag. The new ratio of Akshita, Anurag and Akshat is: **1**

(A) 3 : 2 : 4 **(B)** 4 : 3 : 2

(C) 2 : 1 : 1 **(D)** 4 : 2 : 3

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15. On dissolution, which of these are transferred to Realisation Account? **1**

(i) Provision for Doubtful Debts

(ii) Partners' Loan

(iii) General Reserve

(iv) Goodwill

(A) (i) and (iv) **(B)** (i), (ii) and (iv)

(C) (i), (iii) and (iv) **(D)** (i), (ii) and (iii)

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16. P, Q and R share profits 4 : 3 : 1. P dies on 1 September 2022; profit up to the date of death is estimated at ₹80,000. P's share of this profit will be recorded by: **1**

(A) Debiting Profit and Loss Account with ₹40,000.

(B) Debiting Profit and Loss Appropriation Account by ₹40,000.

(C) Debiting Profit and Loss Suspense Account with ₹80,000.

(D) Debiting Profit and Loss Suspense Account with ₹40,000.

OR

Pooja, Nita and Anita share profits 3 : 2 : 1. Pooja retires and her share is taken by Nita and Anita equally. Their new ratio is:

(A) 2 : 1 **(B)** 7 : 5

(C) 1 : 1 **(D)** 3 : 2

17. Suman, Vivek and Vinod share profits 5 : 3 : 2. Suman retires on 1 April 2022. After all adjustments (revaluation, goodwill, reserves), Vivek's capital is ₹3,60,000 (Cr.) and Vinod's ₹1,40,000 (Cr.). The continuing partners decide to make their capitals proportionate to their new profit-sharing ratio. Pass journal entries for the cash brought in or withdrawn, showing workings. **3**

18. Anu, Manu, Tanu and Kanu share profits 2 : 1 : 2 : 1. From 1 April 2022 they will share 4 : 2 : 3 : 1. On that date goodwill is valued at ₹1,20,000 and General Reserve in the books is ₹36,000. Pass the journal entries, showing workings. **3**

19. Annex Ltd. offered 1,00,000 shares of ₹10 each at a 10% premium, the full amount payable on application. Applications came for 3,00,000 shares and shares were allotted to all applicants pro-rata. Pass journal entries in the books of Annex Ltd. **3**

OR

Shovan Ltd. took over assets of ₹60,00,000 and liabilities of ₹10,00,000 of Swami Ltd. for an agreed price of ₹45,00,000, paid by issuing 10% debentures of ₹100 each at a 25% premium. Pass journal entries in Shovan Ltd.'s books.

20. On 1 April 2022 the capital of Ashu and Madhav's firm is ₹1,50,000. Normal rate of return is 10% and average profits are ₹23,500. Find goodwill at three years' purchase of super profits. **3**

OR

Rakshit and Malik share profits 4 : 1. On 1 April 2021 their capitals were ₹1,20,000 and ₹80,000. On 1 December 2021 they decided the firm's total capital should be ₹3,00,000, contributed in the ratio 2 : 1. Interest on capital is allowed @ 6% p.a. Calculate interest on capital for the year ended 31 March 2022.

21. Sandesh Ltd. has authorised capital of ₹30,00,000 in equity shares of ₹10 each. It invited applications for 70,000 shares and received applications for 69,000 shares. All calls were made and received except the first and final call of ₹2 per share on 3,000 shares, which were then forfeited. **4**

(a) Show 'Share Capital' in the Balance Sheet as per Schedule III, Part I of the Companies Act, 2013.

(b) Prepare the Notes to Accounts.

22. Sudhir, Deepak and Naveen share profits 2 : 2 : 1. Their Balance Sheet on 31 March 2022: **4**

Liabilities	₹	Assets	₹
Creditors	50,000	Land and Building	2,10,000
General Reserve	1,00,000	Machinery	1,90,000
Loan	1,20,000	Stock	30,000
Capitals: Sudhir 1,60,000		Investments	1,70,000
Deepak 1,50,000		Advertisement Suspense A/c	1,20,000
Naveen 1,40,000	4,50,000		
Total	7,20,000	Total	7,20,000

Sudhir died on 30 June 2022. The deed provides: (i) goodwill = 2½ years' purchase of average profits of the last four years, which were ₹1,80,000; (ii) his share of profit up to death is based on sales – sales for 2021-22 were ₹4,00,000 with profit ₹1,00,000, and sales from 1 April to 30 June 2022 were ₹1,50,000; (iii) interest on capital @ 7% p.a.

Prepare Sudhir's Capital Account to be rendered to his executors.

23. Pass journal entries for forfeiture and reissue of shares: **6**

(i) BCG Ltd. forfeited 75 shares of ₹10 each, issued at a premium of ₹4, when allotment money of ₹8 per share (premium included) was not paid. The first and final call of ₹4 had not yet been made. The shares were reissued at ₹15 each fully paid.

(ii) Geetika Ltd. forfeited 1,200 shares of ₹50 each issued at par for non-payment of the final call of ₹10 per share. 900 of these were reissued at ₹45 each fully paid.

OR

Pushkar Ltd. invited applications for 30,000 shares of ₹100 each at a 20% premium, payable: application ₹40 (incl. ₹10 premium), allotment ₹30 (incl. ₹10 premium), first call ₹30, second and final call the balance. Applications were received for 40,000 shares; applicants for 35,000 shares were allotted pro-rata and the rest refused. Excess application money was adjusted against allotment. Yogesh, who applied for 700 shares, did not pay allotment and his shares were forfeited right after allotment. The first call was then made and fully received; the final call was not made. Pass journal entries.

24. Yuv and Veer share profits 3 : 1. Balance Sheet on 31 March 2022: **6**

Liabilities	₹	Assets	₹
Creditors	41,000	Plant and Machinery	60,000
General Reserve	80,000	Building	40,000
Outstanding Expenses	12,000	Investments	60,000
Capitals: Yuv 79,000		Stock	50,000
Veer 48,000	1,27,000	Debtors 38,000 less Provision 4,000	34,000
		Cash	16,000
Total	2,60,000	Total	2,60,000

Yash is admitted on 1 April 2022 for a 1/4 share: (i) he brings proportionate capital and ₹4,000 as his goodwill premium in cash; (ii) investments are valued at ₹68,000; (iii) plant and machinery is depreciated by 10%.

Prepare the Revaluation Account and Partners' Capital Accounts.

OR

Reyansh, Aayushman and Sabhya share profits 5 : 3 : 2. Balance Sheet on 31 March 2022:

Liabilities	₹	Assets	
Sundry Creditors	2,20,000	Cash	
General Reserve	1,20,000	Debtors 1,80,000 less Provision 20,000	
Capitals: Reyansh 6,00,000		Stock	
Aayushman 5,00,000		Machinery	
Sabhya 3,00,000	14,00,000	Building	
		Patents	
		Profit and Loss A/c	
Total	17,40,000	Total	1

Reyansh retires on this date: (i) goodwill is valued at ₹12,00,000; (ii) Aayushman and Sabhya will share future profits 2 : 3; (iii) an unrecorded creditor of ₹40,000 is to be recorded; (iv) debtors of ₹30,000 are to be written off as bad; (v) the amount due to Reyansh is transferred to his loan account.

Pass journal entries.

25. Aadish and Shreyansh share profits 3 : 2. Balance Sheet on 31 March 2022: **6**

Liabilities	₹	Assets	
Creditors	90,000	Cash at Bank	20,00
Mrs. Aadish's Loan	30,000	Stock	24,00
Shreyansh's Loan	30,000	Investments	30,00
General Reserve	45,000	Debtors 20,000 less Provision 2,000	18,00
Capitals: Aadish 1,00,000		Plant	1,00,00
Shreyansh 97,000	1,97,000	Advertisement Suspense	2,00,00
Total	3,92,000	Total	3,92,00

The firm is dissolved on that date: (i) debtors realise ₹17,000 and plant 10% above book value; (ii) Aadish agrees to pay Mrs. Aadish's loan and takes the stock at ₹20,000; (iii) Shreyansh takes half the investments at 10% below book value, and the other half realise ₹4,500; (iv) creditors are paid at a 10% discount; (v) realisation expenses are ₹7,000.
Prepare the Realisation Account.

26. Pass journal entries for the issue of debentures: **6**

(a) Gagan Ltd. issued ₹10,00,000, 9% debentures of ₹100 each at a 5% premium, redeemable at par after four years.

(b) KS Ltd. issued ₹10,00,000, 10% debentures of ₹100 each at par, redeemable at a 10% premium after four years.

(c) QR Ltd. issued ₹10,00,000, 9% debentures of ₹100 each at a 10% discount, redeemable at a 5% premium after five years.

PART B

Option I: Analysis of Financial Statements, OR Option II: Computerised Accounting — attempt only the option opted for.
Q27–30: 1 mark each; Q31–32: 3 marks each; Q33: 4 marks; Q34: 6 marks.

27. *Option I — Analysis of Financial Statements* **1**

Which equation is correct?

(A) Cost of Revenue from Operations = Revenue from Operations + Gross Profit

(B) Cost of Revenue from Operations = Opening Inventory − Net Purchases + Direct Expenses − Closing Inventory

(C) Cost of Revenue from Operations = Opening Inventory + Closing Inventory

(D) Cost of Revenue from Operations = Revenue from Operations − Gross Profit

OR

Which of these is a tool of Analysis of Financial Statements?
(i) Cash Flow Statement (ii) Statement of Profit and Loss (iii) Notes to Accounts (iv) Balance Sheet

(A) (i) **(B)** (i) and (ii)

(C) (ii) **(D)** (i), (ii) and (iv)

OR

Option II — Computerised Accounting

Codification (giving codes to accounts) is needed for:

(A) The generation of mnemonic codes.

(B) To secure accounts, reports, etc.

(C) The encryption of data.

(D) Easy to process data, keeping proper records.

OR

Which type of accounting software suits an organisation with a very small volume of transactions and needing high adaptability?

(A) Specific **(B)** Tailored

(C) Specific and tailored both **(D)** Generic

28. *Option I — Analysis of Financial Statements* **1**

Current assets ₹20,00,000; non-current assets ₹40,00,000; long-term borrowings ₹25,00,000; proprietary ratio 25%. Proprietors' funds are:

(A) ₹10,00,000 **(B)** ₹14,00,000

(C) ₹24,00,000 **(D)** ₹15,00,000

OR

Option II — Computerised Accounting

The result of an arithmetic expression or function is called:

(A) Derived Value **(B)** Basic Value

(C) Vertical Value **(D)** Horizontal Value

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29. *Option I — Analysis of Financial Statements* **1**

In the cash flow statement of a financial enterprise, 'dividend paid' is shown under:

(A) Operating Activity **(B)** Investing Activity

(C) Financing Activity **(D)** Both (b) and (c)

OR

For a non-financial enterprise, 'interest received on investments' is shown in the cash flow statement under:

(A) Investing Activity **(B)** Financing Activity

(C) Operating Activity **(D)** Both (b) and (c)

OR

Option II — Computerised Accounting

Processing data collected from various sources all at one go is called:

(A) Real-time processing **(B)** Batch processing

(C) Data validation **(D)** Processing and Revalidation

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30. *Option I — Analysis of Financial Statements* **1**

Which are financing activities?

(i) Issue of equity shares (ii) Cash received from debtors (iii) Redemption of debentures (iv) Cash paid to trade payables

(A) (i) **(B)** (i) and (ii)

(C) (i) and (iii) **(D)** (i), (ii) and (iv)

OR

Option II — Computerised Accounting

Which accounting information sub-system is linked with other sub-systems to obtain information on costs and expenses?

(A) Cash and Bank sub-system **(B)** Expense Accounting sub-system

(C) Costing sub-system **(D)** Final Accounts sub-system

OR

The process of checking input data against some unknown data is called:

(A) Data validation **(B)** Data entry

(C) Information data **(D)** Storage data

31. *Option I — Analysis of Financial Statements* **3**

Show the major head and sub-head (if any) under which these items appear in a company's Balance Sheet (Schedule III, Part I, Companies Act 2013):

(a) Licences and franchise

(b) Loans repayable on demand

(c) Accrued income

OR

Option II — Computerised Accounting

Which error appears when Excel does not recognise text in a formula? State the steps to correct it.

32. *Option I — Analysis of Financial Statements* **3**

'A technique of regrouping accounting data by working out arithmetical relationships between figures.' Name this technique and give two advantages of it.

OR

Option II — Computerised Accounting

Explain: (i) Memo Voucher (ii) Post-dated Voucher (iii) User-defined Voucher.

33. *Option I — Analysis of Financial Statements* **4**

Calculate the Gross Profit Ratio: Inventory Turnover Ratio 6 times; Average Inventory ₹4,00,000; goods are sold at a profit of 25% on cost.

OR

A company's current ratio is 2 : 1. Giving reasons, state whether each transaction will improve, reduce or not change the ratio:

(a) Goods purchased on credit ₹40,000

(b) Furniture of book value ₹8,000 sold at a loss of ₹2,000

(c) Cash received from trade receivables ₹15,000

(d) Equity shares issued ₹6,00,000

OR

Option II — Computerised Accounting

What is data formatting? Which tools are used to format data? Explain.

OR

List eight uses of accounting software.

34. *Option I — Analysis of Financial Statements* **6**

Two entrepreneurs started an online car-buying portal in 2011 and converted it into 'Car Easy Ltd.' in 2018. From its Balance Sheet, calculate Cash Flows from Operating Activities for 2021-22.

Particulars	31.3.2022 (₹)	31.3.2021 (₹)
Share Capital	9,00,000	3,00,000
Reserves and Surplus (balance of P&L)	75,000	3,60,000
Long-term Borrowings: 10% Debentures	2,40,000	1,80,000
Trade Payables	18,000	60,000
Short-term Provisions: Provision for Tax	2,04,000	2,10,000
Fixed Assets: Machinery (cost)	11,52,000	6,45,000
Less Accumulated Depreciation	(1,44,000)	(69,000)
Inventories	3,54,000	3,87,000
Cash and Cash Equivalents	75,000	1,47,000
Total of Balance Sheet	14,37,000	11,10,000

Additional information: (i) 10% debentures were issued on 31 March 2021 (opening ones); (ii) tax of ₹80,000 was paid during the year.

OR

Option II — Computerised Accounting

What is the 'Present Value' of an investment? Explain the financial function used to calculate it.

— END —

Questions restated from the CBSE Class XII Board Examination 2023 (set 67/1/1) for practice. Reading passages and map items are described, not reproduced.