

**CLASS 12 ACCOUNTANCY**  
**MODEL QUESTION PAPER – SET 3**

**Time: 3 Hours**

**Maximum Marks: 80**

**● SECTION A – MCQs**

**(1×20 = 20 Marks)**

1. Hidden goodwill arises when:
  - a) Total capital > Net assets
  - b) Total capital < Net assets
  - c) Capitals are fluctuating
  - d) Reserve is given
  
2. At retirement, accumulated losses are transferred to:
  - a) Retiring partner only
  - b) Continuing partners
  - c) All partners in old ratio
  - d) Revaluation A/c
  
3. Shares issued for consideration other than cash are shown under:
  - a) Cash Flow from Financing
  - b) Non-cash transaction
  - c) Investing activity
  - d) Operating activity
  
4. Redemption of debentures at premium increases:
  - a) Liability
  - b) Capital reserve
  - c) Expense
  - d) Profit
  
5. Quick Ratio excludes:
  - a) Debtors
  - b) Cash
  - c) Inventory
  - d) Marketable securities
  
6. Gain on dissolution is transferred to:
  - a) Profit & Loss A/c
  - b) Realisation A/c
  - c) Capital A/c
  - d) Cash A/c

7. Interest on Debentures is a:
- a) Profit appropriation
  - b) Charge against profit
  - c) Reserve
  - d) Asset
8. Sacrificing ratio is calculated at the time of:
- a) Retirement
  - b) Admission
  - c) Dissolution
  - d) Incorporation
9. Operating activities mainly relate to:
- a) Fixed assets
  - b) Core business operations
  - c) Issue of shares
  - d) Loan repayment
10. Capital Redemption Reserve is created out of:
- a) Profit only
  - b) Share premium
  - c) Capital profit
  - d) Asset sale
11. Hidden goodwill arises when implied firm value is \_\_\_\_\_ net assets.
- a) Less than
  - b) Equal to
  - c) More than
  - d) Double
12. If capital employed ₹25,00,000 and NRR 12%, normal profit equals:
- a) ₹2,00,000
  - b) ₹3,00,000
  - c) ₹3,50,000
  - d) ₹4,00,000
13. Sacrificing ratio is calculated at time of:
- a) Retirement
  - b) Admission

- c) Dissolution
  - d) Insolvency
14. Maximum discount on reissue of forfeited shares equals:
- a) Face value
  - b) Called-up value
  - c) Amount forfeited
  - d) Premium
15. Quick Ratio excludes:
- a) Cash
  - b) Debtors
  - c) Inventory
  - d) Bills Receivable
16. Increase in working capital results in:
- a) Increase in cash
  - b) Decrease in cash
  - c) No change
  - d) Profit
17. Premium on redemption of debentures is treated as:
- a) Capital loss
  - b) Revenue expense
  - c) Asset
  - d) Reserve
18. In dissolution, unrecorded asset when realised is:
- a) Debited to Realisation
  - b) Credited to Realisation
  - c) Credited to Capital
  - d) Debited to Cash
19. Debt-Equity Ratio shows relation between:
- a) Current Assets & CL
  - b) Debt & Shareholders' Funds
  - c) Profit & Sales
  - d) Cash & Debtors
20. If super profit ₹1,50,000 and goodwill = 4 years purchase, goodwill equals:
- a) ₹4,00,000

- b) ₹5,00,000
- c) ₹6,00,000
- d) ₹7,00,000

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**SECTION B – Short Answer**

**(3×6 = 18 Marks)**

- 11. A, B, C share profits 5:3:2. B retires. New ratio between A and C is 3:2.  
Calculate gaining ratio and pass journal entry for goodwill ₹1,00,000.
- 12. Calculate Goodwill under Super Profit Method:  
Normal Profit ₹50,000  
Actual Profit ₹80,000  
Capital Employed ₹5,00,000  
Normal Rate of Return 10%
- 13. X Ltd. forfeited 500 shares of ₹10 each issued at premium ₹2. ₹8 called-up.  
Pass journal entries including reissue at ₹9.
- 14. Calculate Debt-Equity Ratio:  
Long-term Loan ₹4,00,000  
Debentures ₹2,00,000  
Share Capital ₹5,00,000  
Reserves ₹1,00,000
- 15. Prepare Partners' Capital Accounts on dissolution when assets realised ₹3,00,000 and liabilities paid ₹1,20,000. Capitals: A ₹1,00,000, B ₹80,000.
- 16. Calculate New Profit-Sharing Ratio:  
P and Q share 3:2. R admitted for 1/5 share, 2/15 from P and balance from Q.

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**SECTION C – Case Based**

**(4×3 = 12 Marks)**

**17. Case Study: Complex Admission**

A and B share profits 3:2. They admit C for 1/4 share.  
Goodwill of firm ₹80,000.  
Revaluation Profit ₹20,000.

- (a) Calculate sacrificing ratio
  - (b) Pass goodwill adjustment entry
  - (c) Distribute revaluation profit
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### 18. Case Study: Share Capital

A company issued 20,000 shares of ₹10 each at ₹3 premium.

Applications received for 25,000 shares.

Pro-rata allotment made.

- (a) Amount received on application
  - (b) Excess application adjustment
  - (c) Journal entry for allotment
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### 19. Case Study: Cash Flow Adjustment

Net Profit ₹1,50,000

Depreciation ₹30,000

Loss on sale of machinery ₹10,000

Increase in Stock ₹20,000

Decrease in Creditors ₹15,000

Calculate Net Cash from Operating Activities.

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### ● SECTION D – Long Answer

(6×5 = 30 Marks)

### 20. Retirement of Partner (Advanced Numerical)

A, B, C share profits 4:3:2.

C retires.

Goodwill ₹1,80,000.

Revaluation Loss ₹45,000.

A and B agree to share profits in 5:3.

Prepare:

- New ratio
  - Gaining ratio
  - All necessary journal entries
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### 21. Issue & Redemption of Debentures

A Ltd. issued 5,000 debentures of ₹100 at 5% premium, redeemable at 10% premium after 5 years.

Pass journal entries for issue and redemption.

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## 22. Cash Flow Statement (Full Question – 8 Marks Difficulty Level)

Prepare Cash Flow Statement from the following Balance Sheets:

<b>Liabilities</b>	<b>2024</b>	<b>2025</b>
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Share Capital	5,00,000	6,00,000
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Reserves	1,00,000	1,50,000
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Creditors	80,000	60,000
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<b>Assets</b>	<b>2024</b>	<b>2025</b>
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Land & Building	3,00,000	4,00,000
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Debtors	1,50,000	1,20,000
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Cash	30,000	50,000
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Additional Information:

- Depreciation ₹20,000
- Dividend paid ₹30,000

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## 23. Dissolution with Insolvency

Prepare Realisation Account and Capital Accounts when:

Assets ₹5,00,000 realised at ₹4,20,000.

Creditors ₹1,50,000 paid at 10% discount.

A and B share profits 3:2.

A's capital ₹1,20,000, B's capital ₹80,000.

B is insolvent and pays only ₹20,000.

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## 24. Ratio Analysis (Advanced)

From following calculate and interpret:

- Current Ratio
- Quick Ratio
- Return on Capital Employed

Current Assets ₹3,00,000

Inventory ₹80,000

Current Liabilities ₹1,50,000

EBIT ₹1,20,000

Capital Employed ₹6,00,000