

CLASS 12 ACCOUNTANCY
MODEL QUESTION PAPER – SET 5

Time: 3 Hours

Maximum Marks: 80

● SECTION A – MCQs

(1×20 = 20 Marks)

1. Hidden goodwill arises when new partner's capital implies firm value:
 - a) Less than net assets
 - b) More than net assets
 - c) Equal to reserves
 - d) Equal to goodwill

2. Interest on capital is allowed:
 - a) Always
 - b) Only if profits exist
 - c) Only if mentioned in deed
 - d) Never

3. Securities Premium cannot be used for:
 - a) Bonus shares
 - b) Writing off discount on issue of debentures
 - c) Dividend payment
 - d) Premium on redemption of debentures

4. Loss on issue of debentures is:
 - a) Capital loss
 - b) Fictitious asset
 - c) Revenue reserve
 - d) Liability

5. Quick Ratio = ?
 - a) CA/CL
 - b) Quick Assets/CL
 - c) Cash/CL
 - d) Inventory/CL

6. On retirement, accumulated profits are transferred to:
 - a) Retiring partner only
 - b) Continuing partners
 - c) All partners in old ratio
 - d) Capital reserve

7. Issue of shares for machinery is shown in Cash Flow as:
- a) Operating
 - b) Investing
 - c) Financing
 - d) Non-cash transaction
8. Debenture interest is shown under:
- a) Financing activity
 - b) Operating activity
 - c) Investing activity
 - d) None
9. At dissolution, unrecorded assets are credited to:
- a) Capital A/c
 - b) Realisation A/c
 - c) Cash A/c
 - d) Profit A/c
10. Ideal Current Ratio is:
- a) 1:1
 - b) 2:1
 - c) 3:1
 - d) 1.5:1
11. Maximum discount on reissue of forfeited shares equals:
- a) Face value
 - b) Called-up value
 - c) Amount forfeited
 - d) Premium
12. If 5,000 debentures ₹100 issued at 5% discount, cash received is:
- a) ₹4,50,000
 - b) ₹4,75,000
 - c) ₹5,00,000
 - d) ₹5,25,000
13. Premium on redemption of debentures is debited to:
- a) Profit & Loss
 - b) Securities Premium
 - c) Capital Reserve
 - d) Cash

14. Interest on debentures is:
- a) Appropriation
 - b) Charge against profit
 - c) Capital loss
 - d) Asset
15. If CA ₹8,00,000 and CL ₹4,00,000, current ratio is:
- a) 1:1
 - b) 1.5:1
 - c) 2:1
 - d) 3:1
16. Quick ratio formula is:
- a) CA / CL
 - b) $(CA - Inventory) / CL$
 - c) $Cash / CL$
 - d) CL / CA
17. Increase in debtors results in:
- a) Increase in cash
 - b) Decrease in cash
 - c) No effect
 - d) Profit
18. Bonus shares are issued from:
- a) Revenue profits
 - b) Capital profits
 - c) Securities Premium
 - d) All eligible reserves
19. If super profit ₹2,00,000 and goodwill = 5 years purchase, goodwill equals:
- a) ₹8,00,000
 - b) ₹9,00,000
 - c) ₹10,00,000
 - d) ₹11,00,000
20. In insolvency of partner, deficiency is borne by solvent partners in:
- a) Old ratio
 - b) New ratio

c) Capital ratio

d) Equal ratio

● **SECTION B – Short Answer**

(3×6 = 18 Marks)

11. A and B share profits 3:2.

C admitted for 1/5 share, taking 1/15 from A and balance from B.

Calculate new ratio and sacrificing ratio.

12. Calculate Goodwill under Average Profit Method:

Past Profits:

₹50,000; ₹60,000; ₹70,000; ₹80,000

Abnormal loss ₹10,000 (included in last year)

Goodwill = 3 years' purchase

13. X Ltd. issued 5,000 shares of ₹100 at 10% premium.

Amount payable:

Application ₹30

Allotment ₹40 (including premium)

First & Final Call balance

Pass journal entries.

14. Calculate Cash from Operating Activities:

Net Profit ₹1,80,000

Depreciation ₹40,000

Decrease in Debtors ₹20,000

Increase in Creditors ₹15,000

Gain on sale of asset ₹10,000

15. Dissolution:

Assets ₹6,00,000 realised at ₹5,00,000

Creditors ₹2,00,000 paid at 5% discount

Partners A & B share 3:2

Prepare Realisation A/c.

16. Calculate:

Debt-Equity Ratio

Long-term Debt ₹7,00,000

Share Capital ₹8,00,000

Reserves ₹2,00,000

● SECTION C – Case Based

(4×3 = 12 Marks)

17. Admission with Reserve Adjustment

P and Q share profits 4:3.

General Reserve ₹70,000.

R admitted for 1/7 share.

(a) New ratio

(b) Sacrificing ratio

(c) Treatment of reserve

18. Share Forfeiture Case

1,000 shares of ₹10 each, ₹8 called-up were forfeited for non-payment of ₹2 call money.

Reissued at ₹9 per share.

(a) Journal entry for forfeiture

(b) Journal entry for reissue

(c) Amount transferred to Capital Reserve

19. Cash Flow Mini Case

Net Profit ₹1,00,000

Depreciation ₹20,000

Increase in Stock ₹30,000

Decrease in Creditors ₹10,000

Calculate Net Cash from Operating Activities.

● SECTION D – Long Answer

(6×5 = 30 Marks)

20. Retirement with Full Adjustment

A, B, C share profits 3:2:1.

C retires.

Goodwill ₹1,20,000

General Reserve ₹60,000

Revaluation Profit ₹30,000

A & B agree to share 5:3

Prepare:

- Revaluation A/c
- Partners' Capital A/c
- Necessary journal entries

21. Debentures – Issue & Redemption

A Ltd. issued 4,000 debentures of ₹100 at 5% discount redeemable at par.

Pass journal entries including redemption.

22. FULL CASH FLOW STATEMENT

(8 Marks)

Prepare Cash Flow Statement:

Liabilities	2024	2025
Share Capital	6,00,000	8,00,000
Reserves	1,50,000	2,00,000
Creditors	1,20,000	1,00,000

Assets	2024	2025
Plant	5,00,000	6,50,000
Debtors	1,80,000	1,60,000
Cash	90,000	1,10,000

Additional Info:

Depreciation ₹30,000

Dividend Paid ₹40,000

23. Dissolution with Insolvency

A & B share profits 2:1.

A capital ₹1,00,000

B capital ₹80,000

Assets realised ₹2,00,000

Creditors ₹1,50,000 paid fully

B is insolvent and pays ₹10,000 only.

Prepare all necessary accounts.

24. Ratio Analysis (Interpretation Based)

Current Assets ₹5,00,000

Inventory ₹1,50,000

Current Liabilities ₹2,50,000

EBIT ₹2,00,000

Capital Employed ₹12,00,000

Calculate:

- Current Ratio
- Quick Ratio
- Return on Capital Employed
and interpret the results.