



ST. MARGARET SR. SEC. SCHOOL
SAMPLE MID TERM EXAMINATION 2023-24
ACCOUNTANCY (055)
CLASS XII

Time: 3Hrs.

M.M: 80

IMPORTANT INSTRUCTIONS:

- **This paper contains 34 questions. All questions are compulsory.**
 - **This question paper comprises two parts – A and B.**
 - **All questions are compulsory.**
 - **Do all parts of one question at one place only.**
 - **Show the workings neatly.**

PART-A (Accounting for Companies)

Q1. Z Ltd. forfeited 8,000 equity shares of Rs. 10 each for the non-payment of the first call of Rs. 4 per share. The final call of Rs. 2 per share was yet to be made. Calculate the maximum amount of discount at which these shares can be reissued. (1)

Q2. Preference Shares have preferential right of.....&..... (1)

Q3. If X Lid. issued fully paid shares of Rs. 6,00,000 against purchase consideration of Rs.7,00,000, the balance of Rs. 1,00,000 will be credited to: (1)

- (a) Goodwill Account
- (b) Capital Reserve Account
- (c) Securities Premium Reserve Account
- (d) Profit and Loss Account

Q4 A forfeited share can: (1)

- (a) not be reissued at discount
- (b) be reissued at a maximum discount of 10%
- (c) be reissued at a maximum discount equal to the amount forfeited
- (d) not be reissued at all.

OR

Hero Lid. purchased Sundry Assets of Star Ltd. for Rs.6,50,000 payable in fully paid shares of 50 each. State the number of shares issued to the vendor when shares were issued at a premium of Rs.15. (1)

- (a) 50,000
- (b) 10,000
- (c) 5,000
- (d) 21,000

Q5. ABC Ltd. forfeited 50 shares of 10 each on which 6 per share were paid. The company issued these shares @ Rs. 9 as fully paid up. Amount utilized out of share forfeiture will be: (1)

- (a) 150

- (b) 100
- (c) 250
- (d) 50

OR

Which of the following feature is not correct about a Private Company? (1)

- (a) Liability of its members is unlimited.
- (b) It has separate legal entity
- (c) There is restriction on transfer of shares
- (d) All of these

Q6. X Ltd. issued 10,000 shares of Rs. 10 each payable as: 2 on Application, 2 on Allotment, 3 on First Call and 3 on Second and Final Call. Amit holding 600 shares paid only application and allotment money, while Karishk holding 700 shares did not pay second and final call.

Pass necessary journal entries for the first call and the final calls only. (3)

Q7. . G India Ltd. was registered with an authorized capital of Rs. 90,00,000 divided into 60,000 equity shares of Rs. 150 each. Out of these, the company issued 30,000 equity shares of Rs. 150 each at a premium of Rs. 10 per share. The amount was payable as follows: Rs. 50 per share on application; Rs. 40 per share on allotment (including premium); Rs. 30 per share on first call and balance on second and final call. Public applied for 28,000 shares. All the money was duly received.

Prepare an extract of Balance Sheet of the company showing Shareholders' Funds as per Schedule III Part I of the companies Act, 2013. Also prepare 'Notes to Accounts' for the same.

(3)

Q8. Tell any three uses of Securities Premium Reserve as per Companies Act, 2013. (3)

Q9. Pass journal entries for the following transactions in the books of Giva Ltd.: (4)

- a) Purchased furniture for Rs. 3,75,000 from M/s Furniture Mart. The payment was made by issuing equity shares of Rs. 10 each at a premium of 25%.
- b) Purchased a running business from Asif Ltd. for a sum of Rs. 12,00,000. The payment of Rs. 10,00,000 was made by issue of fully paid equity shares of Rs. 10 each and balance by a bank draft. The assets and liabilities consisted of the following:
Plant Rs. 6, 50,000; Stock Rs. 4,50,000; Land and Building Rs. 6,00,000; Sundry Creditors Rs. 1,00,000.

Q10. Bright Star Limited is engaged in manufacture of high-end medical equipment. considering the prospects of high growth in this segment the company has decided to expand and for this purpose additional investment of Rs. 50,00,00,000 is required. Directors have decided that 20% of this requirement would be financed by raising long term debts and balance by issue of Equity shares. As per memorandum of association of the company the face value of Equity shares is Rs.100 each. Also, considering the market standing of the company these shares would be issued at a premium of 25%. Directors decided to issue sufficient shares to collect the desired amount (including premium).

The prospectus was issued to public, and the issue was oversubscribed by 2,00,000 shares whose money was returned along with letters of regret. Answer the below mentioned questions considering that the entire amount was payable on application. (6)

a) What is the total amount collected on application?

- (A) Rs.42,50,00,000
- (B) Rs 40,00,00,000
- (C) Rs 32,00,00,000
- (D) None of the above

b) How many Equity shares were offered for issue by Bright Star Ltd?

- (A) 40,00,000 shares.
- (B) 50,00,000 shares.
- (C) 35,00,000 shares.
- (D) 32,00,000 shares.

c) What is the amount returned on rejected applications?

- (A) Rs.42,50,00,000
- (B) Rs 40,00,00,000
- (C) Rs 32,00,00,000
- (D) Rs. 2,00,00,000

d) What amount is received as premium on issued shares?

- (A) Rs.42,50,00,000
- (B) Rs 10,00,00,000
- (C) Rs 20,00,00,000
- (D) Rs. 2,00,00,000

OR

Pass necessary journal entries in the following cases:

- a) Issue of 5,000, 9% debentures of Rs. 100 each at 20% premium , redeemable at 10% premium.
- b) Issue of 8,000, 7% debentures of Rs. 50 each at 10% discount , redeemable at 20% premium.
- c) Issue of Rs. 50,000, 10% debentures at par redeemable at premium of 2%.

Q11. Petromax Ltd. issued 50,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs. 3 on Application, Rs. 5 on Allotment (including Premium) and the balance in equal instalments over two calls. (6)

Applications were received for 92,000 shares and the allotment was done as under:

- | | |
|--------------------------------|--------------------------|
| 1. Applicants of 40,000 shares | : Allotted 30,000 shares |
| 2. Applicants of 40,000 shares | : Allotted 20,000 shares |
| 3. Applicants of 12,000 shares | : Nil |

Suresh, who has applied for 2,000 shares in category 1. did not pay any money other than application and allotment money.

Chander, who was allotted 800 shares in category 2. paid the call money due along with allotment money.

All other allottees paid their dues as per schedule. Pass necessary Journal Entries in the books of Petromax Ltd. to record the above transactions assuming that Calls in Arrears Account is maintained.

OR

Kailash Ltd. was registered with an authorized share capital of Rs. 50,00,000 divided into 4,00,000 equity shares of rs. 10 each and 1,00,000, 12% Preference shares of Rs. 10 each. It acquired Land and Buildings from M/s Jain Brothers for Rs.20,00,000. The purchase price was discharged by issue of 1,00,000 Equity shares at a premium of Rs. 10 per share. The company allotted 10,000 Equity shares at par to promoters as remuneration for their services rendered to incorporate the company.

The company offered to public 2,00,000 Equity Shares at a premium of Rs. 10 per share and 50,000, 12% Preference Shares at par, the entire amount being payable on Application. The entire issue was underwritten by M/s Gupta brothers for a commission of 2% of the issue price payable in the form of Equity shares of Kailash Ltd. at par. The issue was fully subscribed by the public.

Pass the necessary Journal Entries in the books of the company.

Part B (Analysis of Financial Statements)

Q12. Profitability Ratio in relation to investment is: (1)

- a) Gross Profit Ratio
- b) Operating Profit Ratio
- c) Operating Profit
- d) Return on Investment

Q13. L & T Finance Ltd. has given term loans of Rs. 5,00,000, invested Rs. 8,00,000 in equity shares of other companies and Rs. 10,00,000 in Computers. It earned profit on sale of equity shares Rs. 25,000 and dividend of Rs. 5,000. Find Cash Flows from Investing Activities. (1)

Q14. For a company involved in hotel business, operating activities will be.....&..... (1)

Q15. Paid Rs. 10,00,000 to acquire shares in K.L. Ltd. And received a dividend of Rs. 2,00,000 after acquisition. These transactions will result in: (1)

- a) Cash used in Investing activities Rs. 12,00,000.
- b) Cash generated from financing activities Rs. 12,00,000.
- c) Cash generated from financing activities Rs. 7,00,000.
- d) Cash used in investing activities Rs. 8,00,000.

Q16. Which of the following is a tool of Financial Statement Analysis? (1)

- a) Balance Sheet
- b) Cash flow statement
- c) Statement of Profit & Loss.
- d) Bank Account

Q17. State any three examples of Cash equivalents. (1)

Q18. If Total Assets are Rs. 3,50,000, Total Debts i.e., external debts are Rs. 1,00,000 and Current Liabilities are Rs. 50,000, Capital Employed will be: (1)

- a) Rs. 2,00,000
- b) Rs. 4,00,000
- c) Rs. 3,00,000
- d) None of these

Q19. **Assertion (A):** If Quick Ratio is 1 : 1, payment of insurance premium of Rs. 80,000 will decrease the Quick/Liquid Ratio. (1)

Reason (R): As a result of payment of insurance premium, cash/bank is reduced by Rs. 80,000 whereas Current Liabilities remain unchanged. Therefore, ratio will decrease.

In the context of above two statements, which of the following is correct?

- a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A).
- b) Both Assertion (A) and Reason (R) are correct and the Reason (R) is the correct explanation of Assertion (A).
- c) Only Assertion (A) is correct.
- d) Both Assertion (A) and Reason (R) are not correct.

Q20. Outstanding Salary appears in the Balance Sheet of a company under the sub-head..... (1)

Q21. Current Assets are Rs. 10,00,000; Inventories Rs. 5,00,000; Working Capital Rs. 6,00,000. Current Ratio is (1)

- a) 2.5 : 1
- b) 1 : 1
- c) 2 : 1
- d) 1 : 2

Q22. For a hotel, raising money from Bank Loan will be classified as.....activity. (1)

Q23. Paid Rs. 7,00,000 to acquire shares in K.L. Ltd. And received a dividend of Rs. 20,000 after acquisition. These transactions will result in: (1)

- a) Cash used in Investing activities Rs. 7,00,000.
- b) Cash generated from financing activities Rs. 6,80,000.
- c) Cash generated from financing activities Rs. 7,00,000.
- d) Cash used in investing activities Rs. 6,80,000.

Q24. Which of the following is not an objective of Analysis of Financial Statements? (1)

- a) To judge the financial health of the firm.
- b) To judge the short-term and long-term liquidity position of the firm.
- c) To judge the reasons for change in the profitability of the firm.
- d) To judge the variations in the accounting practices of the business followed by different enterprises.

Q25. In a company's Balance Sheet, computer software is shown under the main head (1)

- a) Non-Current Liabilities
- b) Current Liabilities
- c) Non-Current Assets
- d) Current Assets

Q26. **Assertion (A):** Inventories may be shown as non-current asset. (1)

Reason (R): Inventories are shown as current assets because they are held to be realised at the earliest.

In the context of above two statements, which of the following is correct?

- a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A).
- b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- c) Only Assertion (A) is correct.
- d) Assertion (A) is not correct but the Reason (R) is correct.

Q27. State whether the following transactions will result in inflow, outflow or no flow of cash while preparing cash flow statement: (3)

- (i) Deposit of cash in bank Rs.3000 .
- (ii) Decrease in Current Investment by Rs.6,000.
- (iii) Issue of 10% Preference shares at 10% premium.

Q28. State three limitations of Financial Statement Analysis. (3)

Q29. Under which major heads and sub-heads will the following items be presented in the Balance Sheet of the company as per schedule III, part I of the Companies Act, 2013? (3)

- 1. Bank balance
- 2. Debenture Redemption Reserve
- 3. Copyrights
- 4. Prepaid Expenses
- 5. Calls in advance
- 6. Credit balance in Statement of P& L

Q30. The Current ratio of a company is 2:1. State with reason which of the following transactions will increase, decrease or not change the ratio: (4)

- 1. Redeemed 9% Debentures of Rs. 1,00,000.

2. Received Rs. 17,000 from debtors.
3. Issued Rs. 2,00,000 equity shares to the vendors of Machinery.
4. Accepted Bill of Exchange drawn by the creditors Rs. 7,000.

Q31. (a) From the following information, compute Debt Equity Ratio:

Shareholders' Funds Rs. 1,60,000; Total Debt Rs. 3,60,000; Current Liabilities Rs. 40,000

(b) The ratio of current assets (Rs. 8,00,000) to Current Liabilities(Rs. 4,00,000) is 2:1. The accountant of this firm is interested in maintaining a current ratio of 3:1 by paying some part of Current liabilities. Suggest the amount of current liabilities to be paid for this purpose. (4)

OR

Inventory Turnover Ratio 4 times; Inventory at the end Rs. 40,000 more than that in the beginning; Revenue from Operations Rs. 6,00,000. Gross Profit Ratio 25%. Current Liabilities Rs. 80,000. Quick Ratio 0.75. Calculate Current Assets.

Q32. From the following particulars, calculate cash flows from Financing Activities: (6)

	31/3/2021	31/3/2022
6% Bank loan	6,20,000	2,00,000
8% Debentures	2,40,000	3,20,000
Equity share capital	1,00,000	5,00,000
Preference Share capital	-----	1,50,000

1. Dividend paid on Equity share capital Rs. 25,000.
2. Debentures are issued on 1st Sept, 2021.
3. Bank loan is repaid on 1st October, 2021.
4. Preference shares are issued in the beginning of the year.

Q33. Simbhauli Sagar Ltd. was suggested to analyse their performance in the turbulent times with a view to take corrective action at the right time to arrest the fall in profits and also in the market value of shares. Thus, operational efficiency study was decided to be conducted.

Following information is provided: Operating Cost is Rs. 17,00,000, Gross Profit Ratio = 20%; Operating Expenses = Rs. 1,00,000: (6)

1. Cost of Revenue from Operations will be

- a) Rs. 12,00,000
- b) Rs. 15,50,000
- c) Rs. 16,00,000
- d) Rs. 10,00,000

2. Revenue from Operations will be

- a) Rs. 16,00,000
- b) Rs. 18,00,000
- c) Rs. 20,00,000
- d) Rs. 15,00,000

3. Operating Profit will be

- a) Rs. 2,00,000
- b) Rs. 2,50,000
- c) Rs. 3,00,000
- d) None of these

4. Operating Profit Ratio will be

- a) 10%
- b) 25%
- c) 85%
- d) None of the above

5. Operating Ratio will be

- a) 80%
- b) 85%
- c) 75%
- d) None of these

6. Gross Profit will be

- a) Rs. 2,00,000
- b) Rs. 2,50,000
- c) Rs. 4,00,000
- d) None of these

Q34. From the following Balance Sheet of Parker Ltd, as at 31st March, 2016 and 31st March, 2015, Prepare Cash Flow Statement: (6)

Particulars	Note No.	31 st March, 2016 (Rs.)	31 st March, 2015 (Rs.)
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital		1,00,000	1,00,000
b) Reserves and Surplus	1	60,000	30,000
2. Non- Current Liabilities			
Long term Borrowings (Bank Loan)	2	80,000	60,000
3. Current Liabilities			
a) Short-Term Borrowings	3	45,000	40,000
b) Trade Payables		<u>45,000</u>	<u>60,000</u>
		<u>3,30,000</u>	<u>2,90,000</u>
Total			
ASSETS			
1. Non Current Assets			
a) Fixed Assets		1,90,000	1,50,000
b) Non-Current Investments		30,000	40,000
2. Current Assets			
a) Inventories		55,000	40,000
b) Trade Receivables (Debtors)		45,000	40,000
c) Cash and Cash Equivalent		<u>10,000</u>	<u>20,000</u>
		<u>3,30,000</u>	<u>2,90,000</u>
Total			

Notes to Accounts

Particulars	31 st March,	31 st
-------------	-------------------------	------------------

	2016 (Rs.)	March, 2015 (Rs.)
1. Reserves and surplus		
Surplus i.e. Balance in statement of Profit and Loss	<u>60,000</u>	<u>30,000</u>
2. Long Term Borrowings		
12% Debentures	<u>80,000</u>	<u>60,000</u>
3. Short Term Borrowings		
Bank Overdraft	<u>45,000</u>	<u>40,000</u>

Additional Information:

1. During the year, a piece of Machinery costing Rs.5, 000 on which depreciation of Rs. 2,000 had been charged was sold for Rs. 1,000. Depreciation charged on machinery during the year was Rs. 17,000.
2. New Debentures were issued on 1st August, 2015.