

# Jain Institute of Commerce (11th /12th / CA /CMA/CS)

Subject: Account

JIC Pre Board Paper-2

Date: 16/02/2025

Standard: 12

Marks: 100

Chapter: Account

Exam Time: 2 hours 45 Minutes

## Section - A

► Choose the correct option from the given options of 1 to 20 objective questions below and write the answer. (1 mark each) (20)

01. Debit balance of profit and loss appropriation account means .....  
A. divisible profit                      B. divisible loss                      C. gross loss                      D. gross profit
02. Under which method, the interest on capital keeps on changing during the year due to the changes in the capital?  
A. Current Account Method                      B. Fixed Capital Account Method  
C. Fluctuating Capital Account Method                      D. None of the above
03. The profits of last 5 years are Rs.1,70,000; Rs.1,80,000; Rs.1,40,000; Rs.2,00,000 and Rs. 1,60,000. Find the value of goodwill if it is calculated on average profits of last 5 years on the basis of 3 years' purchase.  
A. Rs.1,70,000                      B. Rs.5,10,000                      C. Rs.5,30,000                      D. Rs. 5,70,000
04. At the time of revaluation of goodwill, capitalized profit is compared with  
A. Capital invested in the business                      B. Assets of business  
C. Debts of business                      D. None of the above
05. Profit and loss sharing ratio among the continuing partners,  
A. can be changed  
B. cannot be changed  
C. can be changed with consent of all partners  
D. None of the above
06. Who share accumulated profit/loss or Reserve fund?  
A. Continuing / Old partners                      B. Employees  
C. Partners including new partners                      D. None of the above
07. If the new partner brings his share of goodwill in cash, then in which ratio is it transferred to old partners ?  
A. Equal ratio                      B. Sacrifice ratio                      C. New profit—loss ratio                      D. Old profit—loss ratio
08. After admission of the new partner, which ratio is used to distribute the future profit or loss of the firm between all partners?  
A. In capital ratio                      B. In equal ratio                      C. In new ratio                      D. In old ratio
09. A, B and C are the partners sharing profits and losses in the ratio 5 : 3 : 1. C retires. Find the new profit—loss sharing ratio.  
A. 3:2                      B. 2:3                      C. 5:3                      D. 5:2
10. If at the time of dissolution of the firm, Debtors in Balance Sheet are 27,000 and Bad Debt Reserve is 2,000, what amount shall be credited to Realisation Account?  
A. Rs.27,000                      B. Rs.25,000                      C. Rs.2,000                      D. Rs.29,000
11. What is called the process to close down the existing firm and its business ?  
A. None of these given                      B. Dissolution                      C. Renovation                      D. Reconstruction
12. What is the minimum limit of members in the public limited company?  
A. Two                      B. Seven                      C. Fifty                      D. Ten
13. When any company first time offers the shares/stock to the public for subscription, it is known as .....  
A. F.P.O.                      B. I.P.O.                      C. F and O                      D. E.P.O.
14. The amount of premium received on issuing debentures at premium is.....  
A. revenue profit                      B. capital loss                      C. revenue loss                      D. capital profit
15. Sales Revenue of a company for the last year was Rs. 5,00,000. If it increases by 10.5% during current year, then what would be the sales for current year?  
A. Rs.5,50,000                      B. Rs.5,25,500                      C. Rs. 5,52,500                      D. Rs.5,55,200
16. The information regarding the use of assets gives the analysis of .....  
A. profitability                      B. liquidity                      C. solvency                      D. efficiency
17. To arrive at liquid assets which of the following is deducted from current assets?  
A. Stock                      B. Cash and cash equivalent  
C. Debtors                      D. Bills receivables
18. Operating profit =.....

- A. Sales — Operating cost      B. Sales + Operating cost      C. Operating cost— Sales      D. Sales ÷ Operating cost
19. Increase in current assets and decrease in current liabilities .....
- A. both are cash outflows.  
B. both are cash inflows.  
C. are cash outflow and cash inflow respectively.  
D. are cash inflow and cash outflow respectively.
20. Which of the following is not included under Financial Costs ?
- A. Issue of Equity Shares      B. Issue of Preference Shares  
C. Dividend paid      D. Rent paid

### Section - B

► Answer the following 21 to 30 questions in one sentence or two. (1 mark each)

(10)

21. What is Goodwill?  
22. What is gaining ratio?  
23. Which balances are debited to all partners capital accounts in their old profit- loss ratio?  
24. Realised Rs.25,000 for unrecorded machine, at the time of dissolution. Pass necessary journal entries.  
25. Explain the meaning of Realisation Account.  
26. What is debenture?  
27. What is the shareholders' funds?  
28. What is cash flow?  
29. What is indicated by interest coverage ratio?  
30. What is financing activities?

### Section - C

► Write short answers to any 4 (four) questions out of 6 questions from 31 to 36 below. (3 marks each)

(12)

31. The closing capital of a partner Girish is Rs.96,000 after giving effect of drawings of Rs.6000 and divisible profit of Rs.9000. Calculate 8 % p.a. interest on capital.  
32. Sachin, Rahul and Rohit are the partners of a partnership firm. Profit-loss sharing ratio is 1 : 2 : 2 between them. All partners have decided to change profit-loss sharing ratio to 3 : 2 : 1. Calculate the sacrifice ratio of partners.  
33. Land-building Rs. 1,00,000 and investments 50,000 are disclosed in the balance sheet at the time of dissolution. Rs. 80,000 and Rs. 60,000 are realised respectively from them. Pass journal entries.  
34. Total assets of the firm at the time of dissolution is Rs.2,00,000. Out of which 40 % are current assets (including cash Rs.10,000). 120 % realised for fixed assets. While 80 % are realised of current asset. Pass journal entries.  
35. Write the journal entries only for the issue of debentures from the following transaction (without narration). Issued 5000, 10 % debentures of Rs.100 each at a discount of 5 %, redeemable at par.  
36. A company purchased its own 6,000 debentures of Rs.400 each at Rs.415 in the open market and immediately cancels them after purchase. Pass journal entries in the books of company.

### Section - D

► Write the answers to any 3 (three) of the 5 questions from 37 to 41 below. (4 marks each)

(12)

37. Rajesh and Harish are partners of a partnership firm. On the basis of their partnership firm's profit and other information, determine the value of goodwill on the basis of two years purchase of super profit. (1 ) Capital employed: Rs. 8,00,000 (2 ) Expected rate of return: 12 % (3 ) Previous years profit:

Year	2020-21	2021-22	2022-23
Profit (Rs)	1,20,000	90,000	1,50,000

38. Hasu and Vasu are partners of a firm. They contemplate to change their profit and loss distribution ratio from 2:1 to 1:1. Therefore, it is determined for valuation of goodwill. From the following information, determine the value of the firm's goodwill. As per the agreement of the partnership, the value of goodwill is to be computed at 5 years purchase of the average profit of last 4 years.

Year	2019-20	2020-21	2021-22	2022-23
Profit/Loss(Rs.)	1,00,000	1,20,000	(40,000)	60,000

39. Prepare comparative profit and loss statements from the given details.

Particulars	31-3-2017 (₹)	31-3-2016 (₹)
Sales revenue	15,00,000	18,00,000
Net purchase for resale	6,00,000	5,00,000
Changes in stock	1,60,000	1,00,000
Other expenses (% of sales)	45	40
Other income (% of sales)	12	10
Income tax rate	30 %	30 %

40. Information of two years of 'Q' company is as follows. Calculate gross profit ratio.

Particulars	2016 (₹)	2017 (₹)
Sales	10,20,000	15,50,000
Sales return	20,000	50,000
Opening stock	1,40,000	1,60,000
Purchase	6,00,000	8,00,000
Purchase expenses	30,000	40,000
Closing stock	1,60,000	1,50,000

41. From the following information of Hetal Company Ltd., calculate cash flow from financing activities.

Particulars	31-3-2017 (₹)	31-3-2016 (₹)
Equity share capital	18,00,000	12,00,000
Preference share capital	8,00,000	10,00,000
Debenture	6,00,000	6,00,000

Additional information

(1) Dividend paid : Equity share capital Rs.2,00,000, Preference share capital Rs.1,00,000

(2) Debenture interest paid Rs.50,000

#### Section - E

► Write detailed answers to any 3 (three) questions out of 5 questions from question number 42 to 46 given below. (8 marks each) (24)

42. Shree Ltd. issued 1,00,000 equity shares of Rs.10 each at a premium of Rs.10 per share. Amount per share was called up as under:  
On Application Rs. 5  
On Allotment Rs.12 [Including premium]  
On first and final call Rs. 3  
Applications were received 2.5 times, out of which 40% were completely rejected and the balance shares were issued pro-rata to the remaining applicants. Naman, who applied for 15,000 shares, did not pay the allotment and call amount and his shares were forfeited. Out of the forfeited shares, 7,500 shares were reissued at 20% discount. Write journal entries in the books of the company.
43. Sheetal Electronics Limited issued 1,20,000 equity shares to the public at Rs.10 per share. Company called up the amount as under:  
On application Rs.3 per share  
On allotment Rs.3 per share and on final call Rs.4 per share  
Applications were received from public for 1,80,000 shares, in this reference allocation was made by company as under:  
Full allotment was made to applicants of 48,000 shares.

Not a single share was allotted to applicants of 36,000 shares.

72,000 shares were allotted to applicants of 96,000 shares.

All amounts were received in time. From the above information, pass necessary journal entries in the books of the company.

44. Ajay and Jaideep are the partners of a firm sharing profits and losses in the ratio 2 : 3. Their firm's balance sheet as on 31—3—2018 is as under:

**Balance Sheet**

Liabilities	Amount (₹)	Assets	Amount (₹)
<b>Capital A/c. :</b>		Land	7,20,000
Ajay	1,92,000	Investment	1,68,000
Jaideep	1,44,000	Stock	96,000
	3,36,000	Debtors	1,44,000
Workmen's Profit Sharing Fund	48,000	Cash—Bank	96,000
Creditors	1,92,000		
Workmen's Compensation Reserve	96,000		
<b>Current A/c. :</b>			
Ajay	2,40,000		
Jaideep	3,12,000		
	5,52,000		
	12,24,000		12,24,000

On 1—4—2018, Nikunj is admitted as a partner.

- (1) Nikunj shall bring his personal furniture worth Rs.1,20,000 in the firm as his capital.
- (2) Nikunj shall pay off the creditors worth Rs.96,000, which shall be credited to his capital account.
- (3) Nikunj's future share in profit shall be  $\frac{1}{5}$ th.
- (4) Nikunj will not bring his share of goodwill in cash.
- (5) Value of goodwill of the firm is ascertained at Rs. 4,80,000.
- (6) Credit purchase of Rs.24,000 are not recorded in purchase account and creditors account, though included in closing stock.
- (7) Market value of stock of Rs.72,000 is Rs.57,600.
- (8) Liability towards workmen's compensation is Rs.44,800.
- (9) Interest receivable on Investments Rs.38,400 is unrecorded.

Prepare necessary accounts and balance sheet of the new firm from the above information.

45. Bhumi and Goral are partners of a firm sharing profits and losses in the ratio 1 : 3. The Balance Sheet of their firm as on 31—3—2018 is as under:

**Balance Sheet as on 31—3—2008**

Liabilities	Amount (₹)	Assets	Amount (₹)
<b>Capital A/c. :</b>		Land—Building	1,26,000
Bhumi	70,000	Furniture	24,500
Goral	2,10,000	Plant & Machinery	1,50,500
	2,80,000	Debtors	42,000
Accident Compensation Fund	14,000	Cash—Bank	11,550
Creditors	56,000	Stock	24,500
Outstanding Expenses	2,100	Receivable Income	1,050
Profit and Loss Account	28,000		
	3,80,100		3,80,100

Kiran was admitted on 1—4—2018 for th share of profit on the following terms:

- (1) Kiran brought Rs.87,500 as his capital and Rs.33,600 as his share of goodwill in cash. Out of goodwill,  $\frac{3}{5}$  th part was withdrawn immediately by the old partners.
- (2) Market value of stock and plant and machinery is Rs. 28,000 and Rs. Rs.1,68,000 respectively.
- (3) Charge Bad Debts Reserve 10% on debtors and 2% Discount Reserve.
- (4) Creditors are to be paid to the extent of Rs.42,000 only.
- (5) Raise value of land and building by 15% and furniture by 20%.
- (6) Outstanding wages not recorded in books are Rs.644.

Prepare necessary accounts and balance sheet of the new firm.

46. P, Q and R are partners in a firm sharing profit and loss equally. Balance sheet of their firm as on 31-3-2016 was as under:

### Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
<b>Capital Accounts :</b>		Trademark	5400
P 9000		Land-Building	10,000
Q 6000		X Ltd.'s share	1500
R 6000	21,000	Stock	3000
General reserve	1200	Debtors 3000	
Investment fluctuation fund	360	– Bad debt reserve 240	2760
Creditors 4600		Cash-Bank	1500
		Profit-loss A/c	3000
	<b>27,160</b>		<b>27,160</b>

R retired on 31 March 2016, following terms were decided at the time of retirement

- (1) Goodwill is to be valued at 3 times the average profit of last five years.
  - (2) Value of land and building is Rs.15,000.
  - (3) Market value of X Ltd.'s share is Rs.1200.
  - (4) All debtors are good.
  - (5) A provision of Rs.2000 for outstanding salary is to be made.
  - (6) Last four years profit of the firm was as under
- |         |         |         |         |
|---------|---------|---------|---------|
| 2011-12 | Rs.6000 | 2012-13 | Rs.2000 |
| 2013-14 | Rs.3000 | 2014-15 | Rs.2000 |
- (7) Share of R will be gained by P.
  - (8) Amount due to R is to be paid in cash which is brought in by P and Q in such a way as to make their capitals in proportionate to their new profit and loss sharing ratio.

Prepare necessary accounts and new balance sheet.

### Section - F

► Write detailed answers to each of the questions numbered 47 to 48 below. (11 marks each)

(33)

47. Following are the annual accounts of partnership firm of Labh and Subh.

**Profit and Loss Account of partnership firm of Labh and Shubh as on 31-3-17**

Dr		Cr	
Particular	Amt. (₹)	Particular	Amt. (₹)
To Cost of goods sold A/c	1,16,000	By Sales A/c	1,96,000
To Office expenses A/c	20,000	By Sundry income A/c	2000
To Sales expenses A/c	16,000		
To Financial expenses A/c	4000		
To Sundry expenses A/c	4000		
To Partners' capital A/c (Net profit)			
Labh	22,800		
Subh	15,200		
	38,000		
	1,98,000		1,98,000

**Balance Sheet of partnership firm of Labh and Shubh as on 31-3-17**

Capital-Liabilities	Amt. (₹)	Assets-Debts	Amt. (₹)
<b>Capital :</b>		<b>Non-Current Assets :</b>	
Labh	40,000	<b>Tangible Assets :</b>	
+ Net profit	22,800	Fixed assets	60,000
	62,800	Investments	12,000
– Drawings	12,000	Current assets (with debtors)	28,000
Shubh	30,000		
+ Net profit	15,200		
	45,200		
– Drawings	6000		
Liabilities	8000		
Suspense A/c	2000		
	<b>1,00,000</b>		<b>1,00,000</b>

After preparation of annual accounts the following adjustments are reported : (1) 5 % interest on capital is not calculated. (2) 10 % depreciation on fixed assets is to be provided. (3) Prepaid rent is Rs.200. (4) Interest on investment is not received Rs.400. (5) Maintain Bad debts reserve of Rs.600. (6) Total of sales book is under cast by Rs.2000. (7) Purchase of Rs.800 is not recorded in the books. Write adjustment entries and prepare revised final accounts from the above information.

48. Following is the balance sheet of Keyur Limited as on 31 -3- '17:

Particulars	Debit (Rs.)	Credit (Rs.)
Equity share capital		2,40,000
Office and sales expenses	24,000	
Purchase	4,26,000	
10% debenture		1,20,000
Sales		9,60,000
Software	1,20,000	
Wages	24,000	
Debenture interest	12,000	
Salary	3,00,000	
Bank overdraft		14,400
Land-Building	2,28,000	
Opening stock	36,000	

Discount received		15,600
Debtors	1,80,000	
Total	13,50,000	13,50,000

Other information: (1 ) Closing stock Rs.42,000. (2 ) Make provision for tax at 50 % of net profit.

From the above information, prepare final accounts of the company for the year ending on 31st March, 2017 as per Schedule - III of Companies Act, 2013. Notes to the accounts are not required.

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## ANSWERS

Subject: Account

JIC Pre Board Paper-2

Date: 16/02/2025

Standard: 12

Marks: 100

Chapter: Account

Exam Time: 2 hours 45 Minutes

### Section - A

► Choose the correct option from the given options of 1 to 20 objective questions below and write the answer. (1 mark each) (20)

01. divisible loss
02. Fluctuating Capital Account Method
03. Rs.5,10,000
04. Capital invested in the business
05. can be changed with consent of all partners
06. Continuing / Old partners
07. Sacrifice ratio
08. In new ratio
09. 5:3
10. Rs.2,000
11. Dissolution
12. Seven
13. F.P.O.
14. capital profit
15. Rs. 5,52,500
16. efficiency
17. Stock
18. Sales — Operating cost
19. both are cash outflows.
20. Rent paid

### Section - B

► Answer the following 21 to 30 questions in one sentence or two. (1 mark each) (10)

21. Goodwill is the value of the reputation of a firm in respect to the profit earning over and above the expected profit.
22. When there is a change in profit and loss sharing ratio of existing partners, at that time certain partners get higher share as compared to what they used to get before. This higher share of profit of a partner is called 'Gaining ratio'.
23. Undistributed loss and balances of deferred revenue expenditure are debited to all partners' capital accounts in their old profit-loss sharing ratio.
24. Std = 12 A/c, Part – 1, ch – 7, Illustration 1
25. On dissolution of the partnership firm, the account which is prepared to incorporate accounting treatments, to dispose of assets and liabilities of the firm, is known as Realisation Account.
26. Sometimes company borrows long- term funds from the public. Against the money so borrowed, the company issues a document acknowledging its debt to the investor. Such a document is known as a 'Debenture'.
27. Shareholders' funds = Equity share capital + Preference share capital + Reserves and surplus — Debit balance of Profit and Loss account (if given).
28. Cash flow means receipt-payment of cash and cash equivalent.
29. Interest coverage ratio indicates the interest payment capacity of the business.
30. Financing activities are such activities due to which size and / or composition of owners' capital (including preference share capital) and borrowed capital of business get changed.

### Section - C

► Write short answers to any 4 (four) questions out of 6 questions from 31 to 36 below. (3 marks each) (12)

31. Interest on capital = Rs.7440
32. Sacrifice of Rahul  $\frac{2}{30}$ , Gain of Sachin  $\frac{2}{30}$ , Sacrifice of Rohit  $\frac{7}{30}$
33. Std = 12 A/c, Part – 1, ch – 7, Illustration 1
34. (1) Realisation A/c 1,90,000  
    To fixed assets A/c 1,20,000  
    To Current assets A/c 70,000



35. Std = 12 A/c, Part – 2, ch – 2, Illustration 12

36. Own debentures purchased Rs.24,90,000; Loss on redemption of debentures Rs.90,000.

**Section - D**

► Write the answers to any 3 (three) of the 5 questions from 37 to 41 below. (4 marks each)

(12)

37. Average profit RS. 1,20,000; Super profit RS. 24,000; Goodwill RS. 48,000

38. Average profit = 60,000; Goodwill = 3,00,000

39.

**Comparative Profit and Loss Statement**

Particulars	Note No.	31-3-2016 (₹)	31-3-2017 (₹)	Increase/ Decrease (₹)	Increase/ Decrease (%)
1	2	3	4	5(4 – 3)	6 ( $\frac{5}{3} \times 100$ )
(I) Sales revenue		18,00,000	15,00,000	(3,00,000)	(16.67)
(II) Other income		1,80,000	1,80,000	—	—
(III) Total income (I + II)		19,80,000	16,80,000	(3,00,000)	(15.15)
(IV) Expenses :					
(i) Net purchase for resale		5,00,000	6,00,000	1,00,000	20
(ii) Changes in stock		1,00,000	1,60,000	60,000	60
(iii) Other Expenses		7,20,000	6,75,000	(45,000)	(6.25)
<b>Total Expenses</b>		<b>13,20,000</b>	<b>14,35,000</b>	<b>1,15,000</b>	<b>8.71</b>
(V) Profit before tax		6,60,000	2,45,000	(4,15,000)	(62.88)
(VI) Less : Income tax (30 %)		1,98,000	73,500	(1,24,500)	(62.88)
(VII) Profit after tax		<b>4,62,000</b>	<b>1,71,500</b>	<b>(2,90,500)</b>	<b>(62.88)</b>

40. Gross profit ratio = 2016 - 39 %, 2017 - 43.33 %

41.

**Statement of Cash Flow from Financing Activities**

Particulars	(₹)
Equity share capital (Increase in capital)	6,00,000
Redemption of preference share capital (Reduction in share capital)	(2,00,000)
Debenture (No change)	—
Payment of equity share dividend	(2,00,000)
Payment of preference share dividend	(1,00,000)
Payment of debenture interest	(50,000)
Cash flow from financing activities	50,000

**Section - E**

► Write detailed answers to any 3 (three) questions out of 5 questions from question number 42 to 46 given below. (8 marks each) (24)

42. Share application money received : Rs.12,50,000; Excess amount transferred to share allotment : Rs. 2,50,000; Amount refunded on rejected shares : Rs. 5,00,000; Amount received on share allotment A/c : Rs. 7,70,000 (Due Rs.12,00,000 - Excess adjusted Rs. 2,50,000 - not received on Naman's shares Rs. 1,80,000); Received on share first and final call: Rs.2,55,000 ( Rs.3,00,000 - Rs.45,000); on Forfeiture of 15,000 shares of Naman : Share forfeiture A/c (Cr.) : Rs.75,000 and Securities premium A/c (Dr.) Rs.1,50,000; on reissue of 7,500 shares: Share Forfeiture A/c (Dr.) Rs. 15,000; transfer to Capital Reserve A/c: Rs.37,500 - Rs.15,000) Rs. 22,500
43. Total amount received with applications Rs 5,40,000; Amount transferred to share capital from share application Rs 3,60,000; Additional amount Rs 72,000 transfer to share allotment and amount for rejected 36,000 shares Rs 1,08,000 returned; Amount received for allotment Rs 2,88,000 (Rs 3,60,000 deduct Rs 72,000); Total amount received with share final call Rs 4,80,000.
44. Revaluation Account is tallied; Balance of Partners' Capital Accounts : Ajay Rs.1,92,000; Jaideep Rs.1,44,000; Nikunj Rs.2,16,000; Current Accounts : Ajay Rs.2,98,880 (Credit); Jaideep Rs. 4,00,320 (Credit); Nikunj Rs.96,000 (Debit); Balance Sheet : Rs. 14,64,000
45. Profit on Revaluation : Rs.53,200; Balance of Partners' Capital Accounts: Bhumi Rs.97,160; Goral Rs.2,91,480; Kiran Rs.87,500; Cash Balance : Rs.1,12,490; Balance Sheet : Rs.5,20,884
46. Total Revaluation = Rs.5240
- Profit = P Rs.1080, Q Rs.1080, R Rs.1080
- Closing balance of cash A/c = Rs.1500
- Partner's capital = P Rs.15,000, Q Rs.7500
- Total Balance = Rs.29,100

### Section - F

► Write detailed answers to each of the questions numbered 47 to 48 below. (11 marks each)

(33)

47. Gross Profit: Rs.81,200

Net Profit: Rs.33,200

Divisible Profit: LabhRs.17,820, ShubhRs.11,820

Balance of capital accounts of partners': LabhRs.47,820 Shubh Rs.37,380

**Total of balance sheet: Rs.94,000**

48. Total incomes Rs.9,75,600, Total expenses Rs.7,80,000, Profit after tax Rs.97,800, Shareholders' funds Rs.3,37,800, Non-current liabilities Rs.1,20,000, Current liabilities Rs.1,12,200, Non-current assets Rs.3,48,000, Current assets Rs.2,22,000, Total Rs.5,70,000

Your Future is our responsibility