CBSE EXAMINATION PAPER-2023

ACCOUNTANCY

(Solved)

Time allowed : 3 hours | Maximum Marks : 109

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **46 questions.** All questions are **compulsory.**

ii. This question paper is divided into **4 sections.**

iii. **Section A** – questions number **1 to 27** are multiple choice questions

iv. **Section B** – questions number **28 to 35** are short answer

v. **Section C** – questions number **36 to 39** are long answer type i

vi. **Section D** – questions number **40 to 46** are long answer type ii

vii. There is no overall choice given in the question paper. However, an internal choice has been provided in few questions.

viii. Use of calculator is NOT allowed.

Section A

Question 1.

Assertion (A) : Interest on bearer debentures is paid to a person who produces the interest coupon attached to such debentures.

Reason (R) : Bearer debentures are debentures which can be transferred by way of delivery and the company does not keep any record of the debenture holders.

Select the correct answer from the following :

[1 Marks]

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

(B) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).

(C) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A).

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

Question 2.

K.C. Ltd. took over office furniture of ₹90,000, office equipment of ₹1,80,000 from J.C. Ltd. and its liabilities of ₹20,000 for a purchase consideration of ₹3,60,000. The payment to J.C. Ltd. was made by issue of 9% debentures of ₹50 each at a discount of 10%. The amount to be debited to ' discount on Issue debentures Account will be:

[1 Marks]

(A) ₹90,000

(B) ₹27,000

(C) ₹36,000

(D) ₹40,000

Question 3.

Raja Ltd. purchased machinery for ₹25,00,000 from Sharma Ltd. The payment to Sharma Ltd. was made by issue of equity shares of Rs 10 each at a premium of 25%. The amount to be credited to the ' securities premium reserve account on issue of equity shares will be :

[1 Marks]

(A) ₹50,000

(B) ₹25,000

(C) ₹5,00,000

(D) ₹62,500

Question 4.

C, D and E were partners sharing profits and losses in the ratio 5:3:2. They admitted F as a new partner for 1/4 share in the profits which was sacrificed by C, D and E in the ratio of 2 : 1: 2. C's new share in the profits will be:

[1 Marks]

(A) 2 / 5

(B) 3/10

(C) 4/20

(D) 3/5

Question 5.

X and Z were partners with capitals of ₹45,000 each. They admitted Y as a new partner for 1/3rd share in profits. Y brought ₹60,000 as as his capital. Based on Y’s share in the profits of the firm and his capital contribution, the goodwill of the firm will be :

[1 Marks]

(A) ₹30,000

(B) ₹90,000

(C) ₹1,80,000

(D) ₹1,50,000

Question 6.

Josh and Jeevan were partners in a firm. During the year ended 31.03.2022 Jeevan withdrew Rs 5,000 per month starting from 30.06.2021. The partnership deed provided that interest on drawings will be charged @ 12% per annum. The average number of months for which interest on Jeevan’s total drawings will be charged is :

[1 Marks]

(A) (4) 1 / 2 months

(B) 5 months

(C) 6 months

(D) (6) 1 / 2 months

Question 7.

After doing the adjustments regarding drawings Rs 40,000, share of profit Rs 24,000 and the additional capital introduced Rs 32,000, the capital of Ashok, a partner, as on 31.03.2022 was Rs 5,00,000. His capital as on 01.04.2021 was :

[1 Marks]

(A) ₹5,16,000

(B) ₹4,46,000

(C) ₹5,96,000

(D) ₹4,84,000

Question 8.

On the dissolution of a partnership firm there existed a balance of Rs 45,000 in Sundry Debtors Account and a balance of Rs 8,000 in Provision for Bad Debts Account in the books of the firm. The amount by which 'Realisation Account' will be debited for closing Sundry Debtors Account will be :

[1 Marks]

(A) ₹8,000

(B) ₹37,000

(C) ₹53,000

(D) ₹45,000

Question 9.

S and T were partners in a firm sharing profits and losses in the ratio of 3 : 2. They admitted U as a new partner in the firm. On U's admission there existed a provision for bad and doubtful debts of Rs 7,000. It was decided to write off Rs 3,000 as bad debts. The remaining debtors were considered as good. The amount to be debited/credited to Revaluation Account on account of the above treatment will be :

[1 Marks]

(A) Debit ₹3,000

(B) Debit ₹4,000

(C) Debit ₹7,000

(D) Credit ₹4,000

Question 10.

C and D were partners in a firm. E was admitted as a new partner for 1 / 6 share. E acquired 1 / 3 rd of his share from C and the remaining from D.

The sacrificing ratio of C and D was :

[1 Marks]

(A) 1 :2

(B) 2:1

(C) 1:1

(D) 16:9

Question 11.

A , B and C were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. With effect from 01.04.2023, they agreed to share profits and losses equally. Due to change in the profit sharing ratio, B’s gain or sacrifice will be :

[1 Marks]

(A) Gain 1/30

(B) Sacrifice 4 / 30

(C) gain 5 / 30

(D) sacrifice 1 / 30

Question 12.

B and D were partners. According to the provisions of partnership deed, interest on B’s capital for the year ended 31.03.2022 was calculated at Rs 4,000.

The necessary journal entry for transferring interest on B’s capital to Profit and Loss Appropriation Account will be :

[1 Marks]

(A) Profit and Loss Appropriation A/c Dr. Rs 4,000 To Interest on B’s Capital A/c Rs 4,000

(B) Profit and Loss Appropriation A/c Dr. Rs 4,000 To B’s Capital A/c Rs 4,000

(C) Interest on B’s Capital A/c Dr. Rs 4,000 To Profit and Loss Appropriation A/c Rs 4,000

(D) Profit and Loss Appropriation A/c Dr. Rs 4,000 To B's Current A/ C Rs 4,000

Question 13.

K and L were partners in a firm. Their partnership deed provided that interest on partner's drawings will be charged @ 12% per annum. Interest on L's drawings for the year ended 31.03.2022 was calculated at Rs 900.

The necessary journal entry for charging interest on L's drawings will be :

[1 Marks]

(A) L's Capital/Current A/c Dr. Rs 900 To Interest on Drawings A/c Rs 900

(B) Interest on Drawings A/c Dr. Rs 900 To Profit and Loss Appropriation A/c Rs 900

(C) Profit and Loss Appropriation A/c Dr. Rs 900 To Interest on Drawings A/c Rs 900

(D) Interest on Drawings A/c Dr. Rs 900 To Partner's Capital/Current A/c Rs 900

Question 14.

A and B were partners in a firm. They admitted C as a new partner for 1 / 3 rd share in the profits of the firm which he acquired from A. A's new share in the profit will be :

[1 Marks]

(A) 1/4

(B) 1/3

(C) 1/2

(D) 1/6

Question 15.

P, Q and R were partners in a firm. On 31.03.2022, R died. R's share was taken over by P. P's new share in the profits of the firm will be :

[1 Marks]

(A) 1/3

(B) 3/4

(C) 1/2

(D) 2/3

Question 16.

Persons who have entered into partnership with one another are individually called as :

[1 Marks]

(A) Members

(B) Firm

(C) Owners

(D) Partners

Question 17.

Madhu and Radha were partners in a partnership firm sharing profits and losses in the ratio of 3 : 2. Madhu withdrew Rs 20,000 in each quarter during the year ended 31.03.2023. Interest on drawings was to be charged @ 6% p.a. Interest on Madhu's drawings will be :

[1 Marks]

(A) ₹3,000

(B) ₹2,400

(C) ₹4,800

(D) ₹1,800

Question 18.

On 1st April, 2022, Zaira Ltd. issued 5000, 8% Debentures of Rs 100 each at 5% premium, redeemable at a premium of 10% after 3 years.

The total interest due on debentures for the year ending 31st March, 2023 will be :

[1 Marks]

(A) ₹40,000

(B) ₹25,000

(C) ₹75,000

(D) ₹50,000

Question 19.

On 1st April, 2022, Zaira Ltd. issued 5000, 8% Debentures of Rs 100 each at 5% premium, redeemable at a premium of 10% after 3 years.

'Loss on Issue of Debentures Account' will be debited by which of the following amount ?

[1 Marks]

(A) ₹75,000

(B) ₹40,000

(C) ₹50,000

(D) ₹25,000

Question 20.

In which of the following cases is the business of a firm not dissolved by court ?

[1 Marks]

(A) When a partner becomes insane

(B) With the consent of all the partners

(C) When a partner is guilty of misconduct which is likely to adversely affect the business of the firm

(D) When a partner becomes permanently incapable of performing his duties as a partner

Question 21.

K, L and M were partners in a firm sharing profits and losses in the ratio of 1:2: 3. On 31.03.2022, M retired. On M's retirement the Balance Sheet of the firm showed a balance of Rs 45,000 in Workmen's Compensation Fund. Till that date no claim for workmen compensation was received.

The necessary journal entry for the treatment of Workmen's Compensation Fund on M's retirement will be :

[1 Marks]

Journal

	Particulars		Debit Amount ₹	Credit Amount ₹
(a)	K's Capital A/c	Dr.	15,000	
	L's Capital A/c	Dr.	15,000	
	M's Capital A/c	Dr.	15,000	
	To Workmen's Compensation Fund A/c			45,000
(b)	Workmen's Compensation Fund A/c	Dr.	45,000	
	To K's Capital A/c			15,000
	To L's Capital A/c			15,000
	To M's Capital A/c			15,000
(c)	Workmen's Compensation Fund A/c	Dr.	45,000	
	To K's Capital A/c			7,500
	To L's Capital A/c			15,000
	To M's Capital A/c			22,500
(d)	K's Capital A/c	Dr.	7,500	
	L's Capital A/c	Dr.	15,000	
	M's Capital A/c	Dr.	22,500	
	To Workmen's Compensation Fund A/c			45,000

(A) C

(B) D

(C) A

(D) B

Question 22. Which of the following is not a Solvency Ratio ?

[1 Marks]

(A) Interest Coverage Ratio

(B) Return on Investment

(C) Debt to Capital Employed Ratio

(D) Total Assets to Debt Ratio

Question 23.

Which of the following are known as Efficiency Ratios ?

[1 Marks]

(A) Solvency Ratios

(B) Profitability Ratios

(C) Activity Ratios

(D) Liquidity Ratios

Question 24.

Which of the following is a tool of 'Analysis of Financial Statements' ?

[1 Marks]

(A) Ratio Analysis

(B) Both (a) and (b)

(C) Statement of Profit and Loss

(D) Balance Sheet

Question 25.

If the Operating Ratio of Pathway Ltd. is 30%, its Operating Profit Ratio will be :

[1 Marks]

(A) 30%

(B) 70%

(C) 100%

(D) 130%

Question 26. Which of the following is added back to net profit to calculate net cash flow from operating activities ?

[1 Marks]

(A) Interest Received

(B) Finance Cost

(C) Rent Received

(D) Commission Received

Question 27. 'Cash receipts from sale of machinery' by a machinery dealer will be considered which type of activity from the following while preparing Cash Flow Statement ?

[1 Marks]

(A) Both Investing and Financing Activity

(B) Financing Activity

(C) Operating Activity

(D) Investing Activity

Section B

Question 28.

Nisha, Priya and Rajat were partners in a firm sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. Priya died on 1st July 2022. On Priya's death, the goodwill of the firm was valued at Rs 3,00,000 and her share in the profits of the firm till the time of her death was to be calculated on the basis of previous year's profit which was Rs 6,00,000.

Pass necessary journal entries for the treatment of goodwill and Priya's share of profit at the time of her death.

[3 Marks]

Question 29.

Sharma and Verma were partners in a firm sharing profits and losses in the ratio of 3 : 2. Their fixed capitals were Rs 14,00,000 and Rs 10,00,000 respectively. The partnership deed provided for the following :

(i) Interest on capital @ 10% per annum.

(ii) Interest on drawings @ 12% per annum.

During the year ended 31.03.2023, Sharma withdrew Rs 2,00,000 and Verma withdrew Rs 1,00,000. After preparing the accounts for the year ended 31.03.2023, it was realised that interest on capital was not allowed and interest on drawings was not charged.

Showing your working notes clearly pass necessary journal entries in the books of the firm to rectify the above error.

[3 Marks]

Question 30.

P and Q were partners in a firm sharing profits and losses in the ratio of 2: 1. On 01.04.2022, they admitted R as a new partner for 1/10th share of profits with a guaranteed minimum of Rs 50,000. P and Q continued to share profits as before but agreed to share any deficiency on account of guarantee to R in the ratio of 3 : 2. The net profit of the firm for the year ended 31.03.2023 was Rs 3,00,000.

Pass necessary journal entries in the books of P and Q for the above transactions.

[3 Marks]

Question 31.

On 01.04.2021, Aman Ltd. purchased from Kamal Ltd. Machinery Rs 5,00,000, Furniture Rs 3,00,000 and Land and Building Rs 40,00,000. It also took over the sundry creditors of Kamal Ltd. of Rs 8,00,000. The purchase consideration was Rs 36,00,000. Payment to Kamal Ltd. was made by issue of 9% Debentures of Rs 100 each at a discount of 10%. On 31.03.2022, the company decided to write off 'Discount on Issue of Debentures Account' according to the provisions of Companies Act, 2013.

Pass necessary journal entries for the above transactions in the books of Aman Ltd.

[3 Marks]

Question 32.

On 01.04.2021, Bain Ltd. purchased from Cayres Ltd., Machinery at Rs 17,00,000 and Land and Building at Rs 40,00,000. It also took over its liabilities amounting to Rs 7,00,000. The purchase consideration of Rs 60,00,000 was paid as follows : Rs 5,00,000 through a cheque and the balance by issue of 9% debentures of Rs 100 each at a premium of 10%.

Pass necessary journal entries for the above transactions in the books of Bain Ltd.

[3 Marks]

Question 33.

On 01.04.2022, Ravi, Kavi and Avi started a partnership firm with fixed capitals of Rs 6,00,000, Rs 6,00,000 and Rs 3,00,000 respectively. The partnership deed provided for the following :

(i) Interest on capital @ 10% per annum.

(ii) Interest on drawings @ 12% per annum.

(iii) An annual salary of ¥ 1,20,000 to Avi.

(iv) Profits and losses were to be shared in the ratio of their capitals.

The net profit of the firm for the year ended 31.03.2023 was Rs 3,08,000. Interest on partners' drawings was Ravi Rs 4,800, Kavi Rs 4,200 and Avi Rs 3,000.

Prepare Profit and Loss Appropriation Account of Ravi, Kavi and Avi for the year ended 31.03.2023.

[3 Marks]

Question 34.

'These ratios are calculated to determine the ability of the business to service its debt in the long run. Identify and state the significance of three such ratios.

[3 Marks]

Question 35.

Classify the following items under major heads and sub-heads (if any) in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013 :

(a) Computer Software

(b) Work-in-Progress

(c) Calls in Advance

[3 Marks]

Section C

Question 36.

On 01.04.2022, S Ltd. took over the business of T Ltd. consisting of sundry assets of Rs 17,00,000 and liabilities of Rs 6,00,000 for a purchase consideration of Rs 10,50,000. Payment to T Ltd. was made by issue of 9% debentures of the face value of Rs 12,00,000. On 31.03.2023, S Ltd. decided to write off Discount on Issue of Debentures according to the provisions of the Companies Act, 2013.

Pass necessary journal entries in the books of S Ltd. for the above transactions.

[4 Marks]

Question 37.

B, C and D were partners in a firm sharing profits and losses in the ratio of 3:5:2. On 31.03.2022 their Balance Sheet was as follows :

C died on 01.10.2022. On C's death, goodwill was valued at Rs 1,87,500. The revaluation of assets and reassessment of liabilities resulted into a loss of Rs 10,000. The partnership deed provided that on the death of a partner, goodwill will be treated without opening goodwill account. C's share of profit till the date of his death was calculated at Rs 70,000.

Prepare C's Capital account to be presented to his executors at the time of his death and also C's Executor's account, assuming that half the amount due to him was paid immediately on C's death.

[4 Marks]

Balance Sheet of B, C and D as at 31st March, 2022

Liabilities		Amount ₹	Assets	Amount ₹
Creditors		1,10,000	Building	2,00,000
Reserve Fund		60,000	Machinery	3,00,000
Capitals :			Stock	2,10,000
B	3,00,000		Debtors	80,000
C	2,50,000		Bank	80,000
D	1,50,000	7,00,000		
		8,70,000		8,70,000

Question 38.

The Current Ratio of J.C. Ltd. is 3 : 1. Its current liabilities are Rs 2,00,000. The current assets include closing stock of Rs 15,000 and prepaid insurance premium of Rs 5,000.

Calculate its Quick Ratio.

[4 Marks]

Question 39.

From the following information calculate Inventory Turnover Ratio :

Stock in the beginning Rs 40,000

Stock at the end Rs 20,000 more than in the beginning

Credit purchases Rs 2,20,000

Revenue from operations Rs 4,80,000

[4 Marks]

Section D

Question 40.

U and V were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31.03.2022 their firm was dissolved. On that date the Balance Sheet of the firm was as follows :

Other current assets realised Rs 8,00,000 and fixed assets realised at the book value. Both Current Liabilities and Long-term loan were settled at 10% less than the book value. Expenses on dissolution were Rs 4,000.

Prepare Realisation Account and Partners' Capital Accounts.

[6 Marks]

Balance Sheet of U and V as at 31st March, 2022

Liabilities		Amount ₹	Assets	Amount ₹
Current Liabilities		5,70,000	Bank	1,80,000
Long Term Loan		10,30,000	Other Current Assets	8,20,000
Capitals :			Fixed Assets	20,70,000
U	7,00,000		Profit and Loss A/c	30,000
V	8,00,000	15,00,000		
		31,00,000		31,00,000

Question 41.

Pass necessary journal entries for the issue of debentures in the following cases :

(i) Issued 3000, 9% debentures of Rs 100 each at par, redeemable at a premium of Rs15 per debenture.

(ii) Issued 2000, 9% debentures of Rs100 each at 10% premium and redeemable at a premium of 5%.

(iii) Issued Rs 75,00,000, 9% debentures at 10% discount, redeemable at par.

[6 Marks]

Question 42.

A and B were partners in a firm sharing profits and losses in the ratio of 3 : 1. On 31.03.2022, their Balance Sheet was as follows :

On the above date, C was admitted as a new partner for 1 / 5 share in the profits on the following terms :

(i) C will bring Rs 2,00,000 as her capital and Rs 1,60,000 as her share of goodwill premium.

(ii) Stock will be appreciated by Rs 1,500.

(iii) Debtors of Rs 5,000 will be written off as bad debts and a provision of 10% for bad and doubtful debts will be maintained.

Prepare Revaluation Account and Partners' Capital Accounts.

[6 Marks]

Balance Sheet of A and B as at 31st March, 2022

Liabilities		Amount ₹	Assets		Amount ₹
Outstanding Expenses		3,000	Bank		40,000
Bills Payable		20,000	Stock		60,000
Sundry Creditors		1,40,000	Bills Receivable		70,000
General Reserve		80,000	Debtors	1,00,000	
Capitals :			Less : Provision for doubtful Debts	5,000	95,000
A	2,00,000		Furniture		85,000
B	3,00,000	5,00,000	Machinery		1,10,000
			Land and Building		2,83,000
		7,43,000			7,43,000

Question 43.

B, P and T were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31.03.2022, their Balance Sheet was as follows :

On the above date, B retired from the firm on the following terms :

(i) Goodwill of the firm will be valued at Rs 3,60,000 and B's share will be adjusted without opening goodwill account.

(ii) Furniture will be reduced to Rs 60,000.

(iii)) A claim of Rs 1,00,000 was admitted for workmen's compensation.

(iv) B was paid Rs 20,000 through a cheque and the balance was transferred to his loan account.

Prepare Revaluation Account and Partners' Capital Accounts.

[6 Marks]

Balance Sheet of B, P and T as at 31st March, 2022

Liabilities		Amount ₹	Assets		Amount ₹
Creditors		1,40,000	Bank		1,44,000
General Reserve		2,00,000	Stock		66,000
Workmen's Compensation Fund		90,000	Debtors	1,50,000	
			Less : Provision for		
Capitals :			Doubtful Debts	20,000	1,30,000
B	4,00,000		Furniture		70,000
P	2,00,000		Machinery		2,20,000
T	1,00,000	7,00,000			
			Land and Building		5,00,000
		11,30,000			11,30,000

Question 44.

CCL Ltd. invited applications for issuing 75,000 equity shares of Rs 10 each at a premium of Rs 3 per share.

The amount was payable as follows :

On Application — Rs 2 per share

On Allotment — Rs 6 per share (including premium)

On First Call — Rs 3 per share

On Second and Final Call — Balance

Applications for 1,20,000 shares were received. Application for 45,000 shares were rejected and the excess application money was refunded. Full allotment was made to remaining applicants. All moneys due were received except for Harish, a shareholder holding 2000 shares, who failed to pay the first and second and final call money.

Pass necessary journal entries for the above transactions in the books of the company.

[6 Marks]

Question 45.

Pass necessary journal entries for the forfeiture and reissue of shares in the following cases :

(i) CC Ltd. forfeited 10,000 shares of Rs 10 each, Rs 8 called up, for non-payment of allotment money of Rs 3 per share and first call of Rs 3 per share. Out of these, 2000 shares were reissued for Rs 7 per share, Rs 8 paid up.

(ii) GG Ltd. forfeited 2000 shares of Rs 10 each fully called up, issued at a premium of 10% on which only application money of Rs 3 per share was received. Out of these, 500 shares were re-issued at Rs 11 per share, fully paid up.

[6 Marks]

Question 46.

Read the following hypothetical text and answer the given questions on this basis :

Shobha started a small enterprise selling hand-knitted sweaters under 'Skill India Scheme'. As the business grew, the revenue started increasing. On 1st April 2020, she decided to form 'Shobha Ltd. along with twelve other like-minded persons. The Balance Sheet of Shobha Ltd. as at 31st March, 2022, is given below.

From the figures given in the Balance Sheet and additional information, calculate 'Cash Flows from Investing Activities' and 'Cash Flows from Financing Activities'.

Additional Information :

(i) A piece of machinery costing Rs 1,60,000 was sold at a loss of Rs 20,000 Depreciation charged during the year amounted to Rs 40,000.

(ii) Rs 1,00,000, 10% debentures were issued on 31.3.2022.

[6 Marks]

Balance Sheet of SHOBHA Ltd. as at 31st March, 2022

Particulars	Note No.	31.3.2022 ₹	31.3.2021 ₹
I – Equity and Liabilities :			
1. Shareholders' Funds			
(a) Equity Share Capital		8,00,000	6,00,000
(b) Reserves and Surplus	1	2,00,000	50,000
2. Non-Current Liabilities			
Long-term Borrowings	2	4,00,000	3,00,000
3. Current Liabilities			
(a) Trade Payables		40,000	45,000
(b) Bank Overdraft		1,00,000	85,000
(c) Short-term Provisions	3	30,000	20,000
Total		15,70,000	11,00,000
II – Assets :			
1. Non-Current Assets			
Fixed Assets			
(i) Tangible Assets	4	6,00,000	5,00,000
(ii) Intangible Assets	5		50,000
2. Current Assets			
(a) Inventories		5,00,000	4,00,000
(b) Trade Receivables		4,00,000	90,000
(c) Cash and Cash Equivalents		70,000	60,000
Total		15,70,000	11,00,000

Notes to Accounts :

Note No.	Particulars	31.3.2022 ₹	31.3.2021 ₹
1	Reserve and Surplus		
	Surplus i.e. Balance in Statement of Profit and Loss	2,00,000	50,000
		2,00,000	50,000
2	Long-term Borrowings		
	10% Debentures	4,00,000	3,00,000
		4,00,000	3,00,000
3	Short-term Provisions		
	Provision for tax	30,000	20,000
		30,000	20,000
4	Tangible Assets		
	Machinery	7,00,000	6,50,000
	Less : Accumulated Depreciation	(1,00,000)	(1,50,000)
		6,00,000	5,00,000
5	Intangible Assets		
	Goodwill	–	50,000