

**ISC SEMESTER 1 EXAMINATION**  
**SPECIMEN QUESTION PAPER**  
**ACCOUNTS**

---

*Maximum marks : 80*

*Time allowed : One and a half hours*

*(Candidates are allowed additional 15 minutes for only reading the paper)*

*All questions of Section A are Compulsory.*

*All questions from either Section B or Section C are Compulsory.*

*Each correct answer carries 2 marks.*

*Select the correct option for each of the following questions.*

---

**SECTION A**

*Answer all questions.*

**Question 1**

Pick the odd one out from the following:

- (a) Interest allowed on a loan taken by the firm from a partner
- (b) Rent due to a partner of the firm for using his premises for business purposes
- (c) Salary due to the manager of the firm
- (d) Salary due to a partner of the firm

**Question 2**

If the operating cycle of a company cannot be identified, it is assumed to be:

- (a) 18 months
- (b) 12 months
- (c) 10 months
- (d) 15 months

### Question 3

Which of the following is *not* shown as a Current Liability in the Balance Sheet of a company prepared as per Schedule III of the Companies Act, 2013?

- (a) Trade Payable
- (b) Short term Borrowings
- (c) Deferred Tax Liabilities
- (d) Short term Provisions

### Question 4

The Interest on Calls-in-arrears Account is closed by:

- (a) Crediting it to Statement of Profit & Loss
- (b) Crediting it to Profit & Loss Appropriation Account
- (c) Debiting it to Profit & Loss Appropriation Account
- (d) Debiting it to Statement of Profit & Loss

### Question 5

The formula for valuing goodwill under the Capitalisation of Super Profits method is:

- (a) Super profit made by the firm multiplied by the normal rate of return
- (b) Capital Employed by the firm multiplied by the normal rate of return
- (c) Capitalised profit of the firm divided by the rate of return
- (d) Super profit made by the firm divided by the normal rate of return

### Question 6

Ronaldo Ltd. forfeited 300 equity shares of ₹ 10 each, fully called up, on which ₹ 5 per share (including premium of ₹ 1 per share) was received. It later reissued these shares at a discount.

**The maximum discount per share, which the company could have given on their reissue would be:**

- (a) ₹ 6 per share
- (b) ₹ 5 per share
- (c) ₹ 4 per share
- (d) ₹ 3 per share

### Question 7

Veena and Soma are partners in a firm. They admit Sara on 1<sup>st</sup> April, 2020, for  $\frac{1}{4}$  share in the profits of the firm. Sara acquired her share as  $\frac{1}{12}$  from Veena and the remaining from Soma.

**The sacrificing ratio of the old partners will be:**

- (a) 11:12
- (b) 1:1
- (c) 1:2
- (d) 1:11

### Question 8

Arif, Ravi and Ben are partners in a firm sharing profits and losses in the ratio of 6:4:1. Arif guaranteed a minimum profit of ₹ 16,000 to Ben. The trading profit of the firm for the year ending 31<sup>st</sup> March, 2021, was ₹ 1,32,000.

**Arifs share in the profits of the firm will be:**

- (a) ₹ 72,000
- (b) ₹ 68,000
- (c) ₹ 69,600
- (d) ₹ 16,000

### Question 9

Simi, Manu, and Beena are partners in a firm sharing profits and losses in the ratio of 2:2:1. The balances of their fixed capital accounts on 1<sup>st</sup> April, 2020, were: Simi ₹ 1,00,000, Manu ₹ 1,00,000 and Beena ₹ 80,000

After the accounts for the year ended 31<sup>st</sup> March, 2021, were prepared, it was discovered that interest on capital @ 10% per annum had been credited to the partners' current accounts even though it was not provided in the partnership deed.

**The error in Simi's capital account / current account will be rectified by:**

- (a) Debiting her capital account with ₹ 1,200
- (b) Crediting her current account with ₹ 1,200
- (c) Debiting her current account with ₹ 1,200
- (d) Crediting her capital account with ₹ 1,200

### Question 10

Runa and Ria were partners in a firm sharing profits and losses in the ratio of 3:1. On 1<sup>st</sup> April, 2020, Uday is admitted as a new partner in the firm for  $\frac{3}{8}$ <sup>th</sup> share in the profits on various terms, one of them being his contribution of ₹ 42,000 as capital.

The new profit-sharing ratio amongst all the partners to be 3:2:3.

The capitals of Runa and Ria, after taking into account all the terms of admission were ₹ 61,625 and ₹ 25,375.

It is decided that the Capital Accounts of Runa and Ria be adjusted in the ratio of their respective share in the profits after admission, any surplus to be adjusted through the Current Account while any deficiency through the Cash Account.

**The surplus capital adjusted through current account will be:**

- (a) Ria's debit capital balance of ₹ 2,625
- (b) Runa's credit capital balance of ₹ 2,625
- (c) Ria's debit capital balance of ₹ 19,625
- (d) Runa's credit capital balance of ₹ 19,625

### Question 11

On 1<sup>st</sup> April, 2020, Pixie, Nixie and Gypsy entered into a partnership with fixed capitals of ₹ 60,000, ₹ 50,000 and ₹ 30,000 respectively.

On 1<sup>st</sup> October, 2020, Pixie gave a loan of ₹ 12,000 to the firm.

The partnership deed contained the following clauses:

- (a) Interest on drawings to be charged @ 4% per annum.
- (b) Pixie to be entitled to a rent of ₹ 2,000 per annum for allowing the firm to carry on the business in his premises.

Nixie withdrew ₹ 1,000 at the end of the month for the first six months.

Net Profit of the firm for the year ending 31<sup>st</sup> March 2021 (*before any interest but after rent on Pixie's premises*) was ₹ 1,21,000.

(a) **The Net Profit of the firm will be:**

- (i) ₹ 1,21,000
- (ii) ₹ 1,20,640
- (iii) ₹ 1,18,640
- (iv) ₹ 96,640

(b) **Interest on Drawings charged from Nixie will be:**

- (i) ₹ 340
- (ii) ₹ 220
- (iii) ₹ 170
- (iv) ₹ 18.33

### Question 12

Dev, Gautam and Kamal were three partners sharing profits and losses in the ratio of 2:1:2. On 1<sup>st</sup> April, 2020, their capital account balances stood at ₹ 90,000, ₹ 80,000 and ₹ 20,000 (Dr) respectively.

On this date they admitted Naveen into the partnership with a capital of ₹ 50,000.

Naveen is to have  $\frac{1}{4}$  share of the profits with a guaranteed minimum share of distributable profit of ₹ 40,000.

The new profit-sharing ratio among the partners being Dev: Gautam: Kamal: Naveen = 6:2:7:5.

The profit of the firm for the year 2020-21 was ₹ 1,60,000 before the following adjustments were made:

- Interest on Capital @ 10% per annum to be allowed to the partners.
- Interest on Drawings: Dev: ₹ 3,000; Kamal: ₹ 6,000.
- Salary to Partners: Gautam ₹ 7,000; Naveen: ₹ 10,000.

(a) **The sacrificing ratio of Dev, Gautam and Kamal will be:**

- (i) 2:1:2
- (ii) 2:2:1
- (iii) 2: -2: 1
- (iv) 2: -1:2

(b) **The total interest on capital allowed by the firm to the partners will be:**

- (i) ₹ 22,000
- (ii) ₹ 23,000
- (iii) ₹ 21,400
- (iv) ₹ 23,100

(c) **Deficiency in Naveen's profits will be:**

- (i) ₹ 8,000
- (ii) ₹ 7,500
- (iii) ₹ 12,500
- (iv) ₹ 12,000

### Question 13

Ritesh and Somesh are partners in a firm sharing profits and losses equally.

They admit Satvik on 1<sup>st</sup> April, 2021 for  $\frac{1}{5}$  share in the profits of the firm, future profit-sharing ratio between Ritesh and Somesh would be 3:2.

At the time of reconstitution of a partnership firm, goodwill was valued at two years' purchase of the average profits of the preceding four years which were as follows:

Year	Profit / Loss	
2017-18	Profit ₹ 70,000	(after debiting loss of stock by fire ₹ 15,000)
2018-19	Profit ₹ 50,000	(including insurance claim of ₹ 5,000)
2019-20	Loss ₹ 40,000	(after debiting voluntary retirement compensation paid ₹ 20,000)
2020-21	Profit ₹ 60,000	(excluding insurance premium of ₹ 10,000 on insurance of assets)

- (a) **The average profits of the firm from the year 2017-18 to the year 2020-21 were:**
- (i) ₹ 30,000
  - (ii) ₹ 60,000
  - (iii) ₹ 37,500
  - (iv) ₹ 40,000
- (b) **The value of goodwill of the firm on Satvik's admission was:**
- (i) ₹ 60,000
  - (ii) ₹ 80,000
  - (iii) ₹ 75,000
  - (iv) ₹ 1,20,000
- (c) **Satvik is unable to bring in cash his share of goodwill. The account to be debited to record his goodwill compensation will be:**
- (i) Satvik's Capital A/c
  - (ii) Satvik's Current A/c
  - (iii) Premium for Goodwill A/c
  - (iv) Old Partners' Capital A/c

### Question 14

Dhruv and Ansh are partners in a firm sharing profits and losses: Dhruv 75% and Ansh 25%. Their Balance Sheet as at 31st March, 2021 is given below:

#### Balance Sheet of Dhruv and Ansh As at 31<sup>st</sup> March, 2021

Liabilities	(₹)	Assets	(₹)
Sundry Creditors	49,000	Cash	62,000
Workmen Comp. Reserve	5,000	Sundry Debtors 18,500	
Capital A/c:		Less: Prov for	
Dhruv 30,000		Doubtful debts (1,500)	17,000
Ansh 20,000	50,000	Land and Building	25,000
	1,04,000		1,04,000

On 1<sup>st</sup> April 2021, Kavi is admitted as a new partner on the following terms:

- (i) Land and building is found to be valued at 25% above cost. It is decided to bring it to its cost.
  - (ii) Bad debts amounting to ₹ 1,800 are to be written off. The remaining debtors are good.
  - (iii) Creditors include an amount of ₹ 5,000 received as commission from Amar. The necessary adjustment is required to be made.
  - (iv) The liability on Workmen Compensation Reserve is determined at ₹ 3,000.
  - (v) Kavi is to pay ₹ 15,000 to the existing partners as premium for Goodwill for 20% of the future profits of the firm. He is also to bring in ₹ 25,000 as capital.
- (a) **At the time of Kavi's admission, the Workmen Compensation Reserve of:**
- (i) ₹ 5,000 will be credited to the capital accounts of all the partners
  - (ii) ₹ 3,000 will be credited to the capital accounts of all the partners.
  - (iii) ₹ 2,000 will be credited to the capital accounts of the old partners.
  - (iv) ₹ 2,000 will be debited to the capital accounts of the old partners.
- (b) **The value of Land & Building in the Balance Sheet of the reconstituted firm will be:**
- (i) ₹ 20,000
  - (ii) ₹ 31,250
  - (iii) ₹ 5,000
  - (iv) ₹ 6,250
- (c) **To adjust the creditors in adjustment (iii):**
- (i) Commission A/c will be credited with ₹ 5,000.
  - (ii) Creditors A/c will be credited with ₹ 5,000.
  - (iii) Amar's A/c will be debited with ₹ 5,000.
  - (iv) Creditors A/c will be debited with ₹ 5,000.

(d) **The provision for doubtful debts in the reconstituted firm will be:**

- (i) ₹1,500
- (ii) ₹1,800
- (iii) Nil
- (iv) None of the above

(e) **The date of the Balance Sheet of the reconstituted firm will be:**

- (i) Balance Sheet for the year ending 31<sup>st</sup> March, 2022.
- (ii) Balance Sheet as at 31<sup>st</sup> March, 2021.
- (iii) Balance Sheet for the year ending 1<sup>st</sup> April, 2021.
- (iv) Balance Sheet as at 1<sup>st</sup> April, 2021.

### **Question 15**

ABC Ltd. forfeited 4,000 shares of ₹ 10 each, fully called up, on which application money of ₹ 3 had been paid. Out of these 2,000 shares were re-issued as fully paid up. Upon their reissue, the company transferred ₹ 4,000 to capital reserve.

**The rate at which these shares were reissued were:**

- (a) ₹ 10 per share
- (b) ₹ 4 per share
- (c) ₹ 9 per share
- (d) ₹ 8 per share

### Question 16

Xylo Ltd. was formed on 1<sup>st</sup> April, 2018, with an authorized capital of ₹ 12,00,000 divided into equity shares of ₹ 10 each.

It invited applications for 30,000 shares to be issued at par, in the year of its formation, all of which were subscribed for and the amount due on them fully received.

On 1<sup>st</sup> April, 2020, the company issued another 60,000 shares at a premium of ₹ 2 per share to be received with allotment. It received applications for 55,000 shares which were duly allotted. All amounts due on the allotted shares was received except the final call of ₹ 2 per share on 1,000 shares. The company forfeited these shares and later reissued 800 of the forfeited shares @ ₹ 7 per share fully called up.

The Balance Sheet of the company was prepared as at 31<sup>st</sup> March, 2021, as per Schedule III of the Companies Act, 2013.

- (a) **The issued capital of the company to be shown in Notes to Accounts as at 31<sup>st</sup> March, 2021, under 'Share Capital' will be:**
- (i) ₹ 12,00,000
  - (ii) ₹ 9,00,000
  - (iii) ₹ 8,50,000
  - (iv) ₹ 8,49,600
- (b) **The subscribed shares of the company at the end of the year 2020-21 will be:**
- (i) 1,20,000
  - (ii) 90,000
  - (iii) 85,000
  - (iv) 84,800
- (c) **The amount of Share Capital to be shown in the Balance Sheet of the company as at 31<sup>st</sup> March, 2021, will be:**
- (i) ₹ 12,00,000
  - (ii) ₹ 9,00,000
  - (iii) ₹ 8,50,000
  - (iv) ₹ 8,49,600
- (d) **The net gain made by the company on reissue of the 800 shares will be transferred to:**
- (i) Reserve Capital Account
  - (ii) Capital Reserve Account
  - (iii) Securities Premium Reserve Account
  - (iv) Statement of P/L

**Question 17**

**Journal of Mekon Ltd.**

Date	Particulars	LF	Debit (₹)	Credit (₹)
	Share Capital A/c Securities Premium Reserve A/c To Share Forfeiture A/c To Calls-in-arrears A/c (Being _____ shares forfeited for non-payment of ₹.....(b).....including premium of ₹ 2 per share)	Dr Dr	.....(a)..... 2,000	<u>7,000</u>
	Bank A/c Share Forfeiture A/c To Share Capital A/c To .....(e)..... A/c (Being _____ shares reissued at ₹ 9 per share, fully paid @ ₹ 12 per share)	Dr Dr	<u>.....(c).....</u>	.....(d)..... 1,400
	Share Forfeiture A/c To Capital Reserve A/c (Being net gain on reissued shares transferred to Capital Reserve)	Dr	700	700

**Share Forfeiture A/c**

Particulars	(₹)	Particulars	(₹)
To Share Capital A/c	700	By Share Capital A/c	4,000
To Securities Premium Reserve A/c	1,400		
To Capital Reserve A/c	700		
To Balance c/d	1,200		
	<u>4,000</u>		<u>4,000</u>

**Note: Face value of share is ₹ 10 each.**

(a) **The Share Capital A/c was debited with:**

- (i) ₹ 10,000
- (ii) ₹ 9,000
- (iii) ₹ 12,000
- (iv) ₹ 7,000

- (b) **The shares were forfeited for non-payment of:**
- (i) ₹ 10 per share
  - (ii) ₹ 9 per share
  - (iii) ₹ 12 per share
  - (iv) ₹ 7 per share
- (c) **At the time of reissue of shares, the Share Forfeiture A/c was debited with:**
- (i) ₹ 6,300
  - (ii) ₹ 7,000
  - (iii) ₹ 2,100
  - (iv) ₹ 1,400
- (d) **At the time of reissue of shares, the Share Capital A/c was credited with:**
- (i) ₹ 6,300
  - (ii) ₹ 7,000
  - (iii) ₹ 2,100
  - (iv) ₹ 1,400
- (e) **At the time of reissue of shares, the account credited with ₹ 1,400 was:**
- (i) Calls-in-arrears A/c
  - (ii) Capital Reserve A/c
  - (iii) Securities Premium Reserve A/c
  - (iv) None of the above

## **SECTION B**

*Answer all questions.*

### **Question 18**

The net revenue from operations of Gama Ltd. is ₹ 14,00,000.

Its Gross profit is ₹ 9,00,000;

Operating expenses are ₹ 75,000;

Commission received is ₹ 5,000;

Profit from sale of fixed asset is ₹ 10,000.

**The Operating Profit Ratio of Gama Ltd will be:**

- (a) 59.29%
- (b) 59.29%
- (c) 60%
- (d) 58.93%

**Question 19**

Which of the following four companies is *not* deriving the benefit of 'trading on equity'?

- (a) Mars Ltd., which has a Debt-Equity Ratio of 0.49:1
- (b) Venus Ltd., which has a Debt-Equity Ratio of 1.54:1
- (c) Saturn Ltd., which has a Debt-Equity Ratio of 1.62:1
- (d) Pluto Ltd., which has a Debt-Equity Ratio of 2.32:1

**Question 20**

The particulars of Alpha Ltd are given below:

Particulars	(₹)
Equity Share Capital	2,00,000
5% Preference Share Capital	60,000
General Reserve	1,20,000
Fixed Assets	5,05,000
Current Assets	1,20,000
Current Liabilities	40,000
Loan @ 10% interest	5,00,000
Tax provided during the year	30,000
Profit for the current year after interest and tax (available for the shareholders)	90,000

- (a) **The Interest Coverage Ratio of the company will be:**
  - (i) 1.8 times
  - (ii) 2.8 times
  - (iii) 3.4 times
  - (iv) 2.4 times
- (b) **The Proprietary Ratio of the company will be:**
  - (i) 0.47:1
  - (ii) 0.75:1
  - (iii) 0.61:1
  - (iv) 0.38:1

### Question 21

From the given particulars of Zee Ltd., the Trade Receivables Turnover Ratio of the company will be:

Particulars	(₹)
Revenue from Operations	12,00,000
Cash Revenue from Operations	25% of Credit Revenue from Operations
Gross Debtors	1,90,000
Bills Receivable	50,000
Provision for Doubtful Debts	10,000

- (a) 3.75 times
- (b) 4 times
- (c) 4.17 times
- (d) 8 times

### Question 22

The correct formula for computing Earning per share is:

- (a) 
$$\frac{\text{Net Profit after Tax}}{\text{No. of Shares}}$$
- (b) 
$$\frac{\text{Net Profit after Tax and Preference Dividend}}{\text{No. of Shares}}$$
- (c) 
$$\frac{\text{Net Profit after Tax and Preference Dividend}}{\text{No. of Equity Shares}}$$
- (d) 
$$\frac{\text{Net Profit after Tax and Preference Dividend}}{\text{No. of Preference Shares}}$$

### Question 23

The Current Ratio of a company is 1.8:1 and its Quick Ratio is 1.6:1.

From the following transactions, pick out the transaction which involves an *increase* in both the Current Ratio and Quick Ratio:

- (a) Goods worth ₹ 10,000 sold at a loss of ₹ 2,000.
- (b) Insurance premium of ₹ 3,000 paid in advance.
- (c) Plant and Machinery purchased for ₹ 9,000.
- (d) Bills Payable of ₹ 2,000 honoured on the due date.

## SECTION C

*Answer all questions.*

### Question 24

When worksheets are grouped in MS Excel:

- (a) Variable data on multiple worksheets can be entered at one time.
- (b) More than one worksheet can be printed at one time.
- (c) Common data, formats and formulas on multiple worksheets can be entered at one time.
- (d) Both (B) and (C) can be done

### Question 25

MS Excel worksheet data cannot be linked to a Word document with:

- (a) The right drag method.
- (b) A hyperlink.
- (c) The copy and paste special commands.
- (d) The copy and paste buttons on the standard toolbar.

### Question 26

In Excel, the formula which can add all the numeric values in a range of cells, ignoring those which are not numeric, and place the result in a different cell is:

- (a) Count
- (b) Sum
- (c) Average
- (d) None of the above

### Question 27

The three types of data found in an Excel spreadsheet are:

- (a) Numbers Formulas, Labels
- (b) Data, words, numbers
- (c) Equations, data, numbers
- (d) Words, numbers, labels

**Question 28**

Which of the following formulas in Excel will not give any result?

- (a) = SUM(Sales)-A3
- (b) = SUM(A1:A5)\*.5
- (c) = SUM(A1:A5)/(10-10)
- (d) = SUM(A1:A5)-10

**Question 29**

In Excel, the function which calculates depreciation at the same amount each year over an asset's useful life is:

- (a) SLN (straight line)
- (b) DDB (double-declining)
- (c) DB (fixed-declining balance)
- (d) All of the above

**Question 30**

In Excel, without using the mouse or the arrow keys, the fastest way of getting to cell A1 in a spreadsheet is:

- (a) Press Shift + Home
- (b) Press Alt + Home
- (c) Press Cltr + Home
- (d) Press Home