S.F.D.A.V. Public School,Muzaffarnagar
Question Bank
Class XII
Accountancy(A.A.)

Q.1 Ramesh, Naresh and Suresh were partners in a firm sharing profits in the ratio of 5:3:2. Naresh retired and the new profit sharing ratio between Ramesh and Suresh was 2:3. On Naresh retirement the goodwill of the firm was valued at Rs. 120000. Pass necessary journal entry for the treat.

Q.2 L, M and O were partners in a firm sharing profits in the ratio of 1:3:2. L retired and the new profit sharing ratio between M and O was 1:2. On L's retirement the goodwill of the firm was valued Rs. 120000. Pass necessary journal entry for the treatment of goodwill.

Q.3 State the journal entry for treatment of deceased partners share of profit for his life period in the year of death.

Q.4 X, Y and Z were partners in a firm sharing profits and losses in the ratio of 3:2:1. The profit of the firm for the year ended 31st March, 2007 was Rs. 3,00000. Y dies on 1st July 2007. Calculate Y's share of profit up to date of death assuming that profits in the year 2007-2008 have been <u>accured</u> on the same scale as in the year 2006-07 and pass necessary journal entry.

Q.5 A, B and C were partners in a firm sharing profits in 3:2:1 ratio. The firm closes its books on 31st March every year. B died on 12-06-2007. On B's death the goodwill of the firm was valued at Rs. 60000. On B's death his share in the profit of the firm till the time of his death was to be calculated on the basis of previous years which was Rs.150000. Calculate B's share in the profit of the firm. Pass necessary journal entries for the treatment of goodwill and B's share of profit at the time of his death.

Q.6 A, B and C were partners in a firm sharing profits in the ratio of 2:2:1. C dies on 31st July, 2007. Sales during the previous year upto 31st march, 2007 were Rs. 6,00,000 and profits were Rs. 150000. Sales for the current year upto 31st July were Rs. 250000. Calculate C's share of profits upto the date of his death and pass necessary journal entry.

Qus:7 How is a Company's balance sheet different from that of a Partnership firm? Give Two point only.

Qus:8 List any two information required to be given in the balance sheet of a company or by way of foot
Notes.

Qus:9. State whether the Balance sheet of a Company is prepared ' as on a particular date ' or ' as at a
Particular date ' ?

Qus:10 Which part of Schedule VI to the Companies Act.1956 prescribes the forms of the balance sheet ?

Qus:11. How is analysis of Financial statements suffered from the limitation of window dressing ?

Qus12. What is the interest of Shareholders in the analysis of Financial statements?
Qus13 Name two tools of Financial Analysis ?
Qus14 Which item is assumed to be 100 in the case of common size Income statement .

Qus:15 Prepare Comparative income statement from the following information for the years ended march 31,2003 and 2004.

Particulars	**2003(Rs.)**	**2004(Rs.)**
1.Net Sales	8,00,000	10,00,000
2.Cost of Goods Sold	60% of sales	60% of sales
3.Indirect Expenses	10% of Gross profit	10% of Gross Profit
4.Income Tax rate	50%	60%

Qus:16 How will you asses the liquidity or short term financial position of a business ?

Qus:17 Current ratio of Reliance Textiles Ltd. Is 1.5 at present. In future it want to improve this ratio to 2.
Suggest any two accounting transaction for improving the current ratio.

Qus:18 State one transaction which results in an increase in ‘ liquid ratio ‘and nochange in ‘current ratio’.

Qus:19 Why stock is excluded from liquid assets ?

Qus:20 Quick ratio of a company is 1.5 :1 . state giving reason whether the ratio will improve , decline or
Not change on payment of dividend by the company.

Qus:21State one transaction which result in a decrease in ‘ debt-equity ratio ‘ and no change in ‘ current
Ratio ‘.

Qus:22How does ratio analysis becomes less effective when the price level changes?

Qus:23.Indicate which ratio a shareholders would use who is examining his portfolio and wants to decide
Whether he should hold or sell his shareholdings?

Qus:24 Indicate which ratio would be used by a Long-Term creditor who is interested in determining
whether his claim is adequately secured ?

Qus:25 What will be the Operating profit, If operating Ratio is 78% ?

Qus:26 The Debaters turnover Ratio of a company is 6 times. State with reasons whether the ratio will

Improve , decrease, or not change due to increases in the value of closing stock by Rs. 50,000?

Qus:27 What will be the impact of ‘ Issue of shares against the purchase of fixed assets ‘ on a debt
Equity ratio of 1:1 ?

Qus:28 State one transaction involving a decrease in Liquid ratio and no change in current ratio.

Qus:29 Assuming that the Debt Equity Ratio is 2:1. State giving reason , whether the ratio will improve
, decline or will have no change in case bonus shares allotted to equity shareholders by
Capitalizing profits.

Qus:30 The ratio of current Assets (Rs. 9,00,000) to current liabilities is 1.5:1. The accountant of this
Firm is interested in maintaining a current ratio of 2:1 by paying some part of current liabilities
You are required to suggest him the amount of current liabilities which must be paid for the
Purpose.

Qus:31 A company has a loan of Rs.15,00,000 as part of its capital employed. The interest payable on
Loan is 15% and the ROI of the company is 25%. The rate of income tax is 60%.what is the
Gain to shareholders due to the loan raised by the company ?

Qus:32 Rs.2,00,000 is the cost of goods sold, inventory turnover 8 times, stock at the beginning is 1.5
Times more than the stock at the end. Calculate the value of opening & closing stock .

Qus:33 From the given information, calculate the stock turnover ratio: sales Rs.5,00,000, Gross Profit
25% on cost , opening stock was $1/3^{rd}$ of the value of closing stock. Closing stock was 30%
Of sales.

Qus:34 Calculate cost of goods sold from the following information: Sales Rs.12,00,000, Sales
Returns Rs.80,000, operating expenses Rs.1,82,000, operating ratio 92%.

Qus:35 Calculate the amount of opening stock and closing stock from the following figures:

Average Debt collection period 4 month stock turnover ratio 3 times. Average Debtors

Rs.1,00,000 Cash sales being 25% of total sales Gross profit ratio 25% stock at the end was 3

Times that in the beginning.

Qus:36 (a) Calculate return on Investment from the following information :

Net profit after Tax Rs.6,50,000.
12.5% convertible debentures Rs 8,00000.
Income Tax 50%.
Fixed Assets at cost Rs.24,60,000.
Depreciation reserve Rs.4,60,000.
Current Assets Rs. 15,00,000.
Current Liabilities Rs. 7,00,000.

(b) Profit before interest and tax(PBIT) Rs.2,00,000, 10% preference shares of Rs.100 each.

Rs.2,00,000, 2,0000 equity shares of Rs. 10 each, Rate of tax @ 50% calculate earning pen Share(EPS)

Qus:37Why is the cash flow statement not a suitable judge of profitability ?

Qus:38 Under which accounting standard , cash flow statement is prepared ?

Qus:39 Why do we add back depreciation to net profit while calculating cash flow from operating activities.

Qus:40 How will you classify loans given by Birla Finance Ltd.? While preparing cash flow statement.

Qus:41 How will you classify deposits by customers in HDFC Bank while preparing cash flow statement.

Qus:42 Where will you show purchase of computer in cash flow statement ?

Qus:43Give two examples of ‘ Significant non cash transactions ‘.

Qus:44 How will you classify loans given by Tata Manufacturing Company.

Qus:45 A company receives a dividend of Rs. 2 Lakhs on its investment in other company’s share will it be
Cash inflow from operating or investing activities in case of a.

(i) Finance Company.
(ii) Non-Finance Company.

Qus:46 How are various activities classified as per AS-3 (Revised) ?

Qus:47 Cash flow from operating Activities + Cash flow from Investing Activities + Cash flow from Financing
Activities =……………………………………

Qus:48 What are the two methods which can be employed to calculate net cash flow from operating activities ?

Qus:49 Escorts Ltd. Engaged in the business of manufacturing tractors invested Rs.40,00,000 in the shares of a
Car manufacturing Company.state with reason whether the dividend received on this investment will
Be cash flow from operating activities or Investing activities.

Qus:50 Modern Toys Ltd. Purchased a machinery of Rs.20,00,000 for manufacturing toys. State giving reason
Whether the cash flow due to the purchase of machinery will be cash flow from operating activities,
Investing activities or Financing activities ?

Qus:51 From the following profit or loss account find out the flow of cash from operating activities of
Mohan Ltd.

Dr. **PROFIT AND LOSS ACCOUNT**
Cr.

Particulars		Amount	Particulars		Amount
		(Rs)			(Rs)
To Rent Paid	14,000		By Gross Profit		1,82,000
Less: Prepaid	2,000	12,000	By Profit on Sale of Machine		12,000
To Salaries		25,000	By Tax Refund		3,800
To Depreciation		15,000	By Rent received	4,000	
To Loss on sale of Furniture		10,000	Add: Rent accrued	1,000	5,000
To Goodwill written Off		8,000			
To Bad Debts		3,000			
To Office Expenses		18,000			
To Discount allowed		7,000			
To Proposed Dividend		30,000			
To Provision for Tax		22,000			
To Net Profit		52,800			2,02,800
		2,02,800			

Note: There was increase in Closing stock by Rs. 25,000.

Qus:52 Prepare Cash flow Statement from the following information of Box Ltd. For the year ended March 31,2004.

BALANCE SHEETS OF LION LTD. AS ON MARCH 31,2004

Liabilities	2003	2004	Assets	2003	2004
	(Rs)	(Rs)		(Rs)	(Rs)
Share capital	3,00,000	4,00,000	Goodwill	70,000	30,000
Profit & Loss Account	1,20,000	2,60,000	Machinery	3,00,000	3,20,000
General Reserve	60,000	95,000	12% Investments	1,50,000	3,00,000
Tax Provision	70,000	80,000	Stock	35,000	1,85,000
Creditors	50,000	90,000	Debtors	50,000	70,000
Bill Payables	30,000	10,000	Cash at Bank	30,000	40,000
Depreciation Provision	25,000	40,000	Short term Investment	20,000	30,000
	6,55,000	9,75,000		6,55,000	9,75,000

Additional Information :

1.Investment costing Rs.50,000 were sold for Rs. 48,000 during the year.
2.Tax paid during the year Rs.70,000.
3.Interest received on Investment Rs. 12,000.