Class XII Accountancy — Practice Paper 1

Practice paper in the CBSE section pattern · Time: 1 hour · Maximum marks: 30

General instructions
1. This is an original practice paper, shorter than a board paper. It is not an official CBSE sample paper; official sample papers are published at cbseacademic.nic.in.
2. All questions are compulsory. Marks are shown in brackets.
3. Section A has 1-mark questions, Section B 2-mark, Section C 3-mark, Section D a 5-mark question and Section E a case-based question.
4. Write neatly, show your working and check your answers in the last five minutes.

Section A (6 marks)

Multiple choice and assertion–reason. 1 mark each.

1. With no partnership deed, interest on partners' capital is: [1]
   (a) 6% p.a.
   (b) 12% p.a.
   (c) not allowed
   (d) as the bank rate

2. Goodwill is: [1]
   (a) a current asset
   (b) an intangible asset
   (c) a fictitious asset
   (d) a liability

3. Sacrificing ratio is: [1]
   (a) new ratio − old ratio
   (b) old ratio − new ratio
   (c) gaining ratio
   (d) capital ratio

4. When shares are issued above face value, the extra amount is called: [1]

5. Debenture holders of a company are its: [1]
   (a) owners
   (b) creditors
   (c) debtors
   (d) partners

6. Assertion (A): A revaluation account is prepared when a partner is admitted. [1]
   Reason (R): It records the changes in the values of assets and liabilities.
   (a) Both true, R explains A
   (b) Both true, R does not explain A
   (c) A true, R false
   (d) A false, R true

Section B (6 marks)

Very short answers. 2 marks each.

7. A and B share profits 3:2. C joins for a 1/5 share, taken from A and B in their old ratio. Find the new ratio. [2]

8. A partner draws ₹2,000 at the end of every month. Interest on drawings is 6% p.a. Find the interest for the year. [2]

9. Current assets are ₹3,00,000 and current liabilities ₹1,50,000. Find the current ratio and say what it shows. [2]

Section C (9 marks)

Short answers. 3 marks each.

10. A company issues 10,000 equity shares of ₹10 each at a premium of ₹2, the full amount payable on application. Pass journal entries. [3]

11. Profits of the last three years were ₹40,000, ₹50,000 and ₹60,000. Find goodwill at two years' purchase of average profit. [3]

12. Debentures are ₹2,00,000 and shareholders' funds ₹4,00,000. Find the debt–equity ratio and explain it. [3]

Section D (5 marks)

Long answer. 5 marks.

13. Classify each as operating, investing or financing activity for a manufacturing company: [5]
(a) purchase of machinery
(b) dividend paid
(c) cash received from customers
(d) interest received on investments
(e) issue of shares

Section E (4 marks)

Case-based question. 4 marks.

14. X and Y share profits 2:1. Z is admitted for a 1/4 share and brings ₹30,000 as premium for goodwill in cash. X and Y sacrifice in their old ratio. [4]
(i) Find each old partner's share of the premium. (2)
(ii) Pass the journal entries. (2)

Answer key and marking guide

Award marks for each correct step shown in brackets. Accept any correct method or equivalent wording; value points are a guide, not a script.

Section A

Q	Answer	Marking
1	(c) not allowed	1 mark for the correct answer.
2	(b)	1 mark for the correct answer.
3	(b)	1 mark for the correct answer.
4	securities premium	1 mark for the correct answer.
5	(b) creditors	1 mark for the correct answer.
6	(a)	1 mark for the correct answer.

Section B

Q	Answer	Marking
7	12 : 8 : 5	Remaining 4/5 split 3:2 (1); ratio (1).
8	₹660	Average period 5.5 months (1); 24,000 × 6% × 5.5/12 = ₹660 (1).
9	2 : 1	Ratio (1); ability to pay short-term debts (1).

Section C

Q	Answer	Marking
10	Bank A/c Dr 1,20,000 To Equity Share Application A/c 1,20,000; Equity Share Application A/c Dr 1,20,000 To Equity Share Capital A/c 1,00,000 and To Securities Premium A/c 20,000	Receipt (1); transfer to capital (1); premium (1).
11	₹1,00,000	Average profit ₹50,000 (2); goodwill (1).
12	0.5 : 1	Formula (1); ratio (1); meaning — low reliance on borrowing (1).

Section D

Q	Answer	Marking
13	(a) investing (b) financing (c) operating (d) investing (e) financing	1 mark each.

Section E

Q	Answer	Marking
14	(i) X ₹20,000; Y ₹10,000 (ii) Bank A/c Dr 30,000 To Premium for Goodwill A/c 30,000; Premium for Goodwill A/c Dr 30,000 To X's Capital 20,000 and Y's Capital 10,000	(i) 1 each. (ii) 1 each.

Marking guide in brief

- Step marks: a correct method with a slip in arithmetic keeps most of the marks.
- Units, labels and a final statement are part of the answer.
- In long answers, marks go to the points made, not the length.
- Time check: about 1 minute per mark leaves time to revise.