JK Board Class 12, 2026 Accountancy Question Paper with Solutions

Time Allowed :3 Hours	**Maximum Marks :**70	**Total questions :**38

General Instructions

Read the following instructions very carefully and strictly follow them:

1. The paper is divided into Section A and Section B.
2. Section A includes objective-type questions.
3. All questions in Section A are compulsory.
4. Section B includes short answer, and long answer type questions.
5. Answers must be written legibly within the word limit.
6. Use of unfair means or electronic devices is prohibited.
7. Follow the correct format and instructions for each section.

Section - A

1. Which of the following is not a tool of financial statement analysis?

(A) Ratio analysis
(B) Cash flow statement
(C) Comparative statement
(D) Journal entries

Correct Answer: (D) Journal entries

Solution:

Step 1: Understanding financial statement analysis tools.

Financial statement analysis involves evaluating financial statements using tools like ratio analysis, cash flow statements, and comparative statements. Journal entries, however, are part of the accounting process and not a tool for financial statement analysis.

Step 2: Analysis of options.

- **(A) Ratio analysis:** Incorrect. Ratio analysis is a tool used to assess the financial health of a company by analyzing various financial ratios.
- **(B) Cash flow statement:** Incorrect. The cash flow statement is a financial statement that provides information about a company's cash inflows and outflows, and it is used in financial statement analysis.
- **(C) Comparative statement:** Incorrect. Comparative statements are used to compare financial data across multiple periods, which is an important tool in financial analysis.
- **(D) Journal entries:** Correct. Journal entries are part of the accounting process used to record transactions, but they are not used in financial statement analysis.

Step 3: Conclusion.
Journal entries are not used in the analysis of financial statements, making them the correct answer.

Final Answer: Journal entries.

> **Quick Tip**
> Financial statement analysis tools focus on evaluating financial performance, while journal entries are part of the accounting record-keeping process.

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2. Dividend paid is classified under which activity (as per AS-3 Revised)?

(A) Operating
(B) Financing
(C) Investing
(D) Trading

Correct Answer: (B) Financing

Solution:

Step 1: Understanding AS-3 Revised.

According to AS-3 Revised (Cash Flow Statement), dividend paid is classified as a financing activity. This is because it represents a distribution of profit to shareholders, which is related to the company's financing decisions.

Step 2: Analysis of options.

- **(A) Operating:** Incorrect. Operating activities primarily relate to the core operations of the company, like revenues and expenses. Dividend paid does not fall under this category.
- **(B) Financing:** Correct. As per AS-3 Revised, dividend paid is classified under financing activities because it involves payments to shareholders, which is a financing decision.
- **(C) Investing:** Incorrect. Investing activities are related to the purchase and sale of assets like property, equipment, and securities. Dividend paid is not related to these activities.
- **(D) Trading:** Incorrect. Trading activities relate to buying and selling of goods and services in the course of business, which is unrelated to dividend payments.

Step 3: Conclusion.

Dividend paid is classified under financing activities as per AS-3 Revised.

Final Answer: Financing.

> **Quick Tip**
>
> According to AS-3 Revised, dividend payments (both received and paid) are classified under financing activities because they relate to how a company finances its operations and rewards its investors.

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3. Debentures are shown in Balance Sheet of a company under the head of:

(A) Share Capital

(B) Debenture Capital

(C) Non-current Liabilities

(D) Current Liabilities

Correct Answer: (C) Non-current Liabilities

Solution:

Step 1: Understanding the nature of debentures.

Debentures are long-term debt instruments issued by a company to raise funds. They are considered non-current liabilities because they are usually due after a period of more than one year.

Step 2: Analysis of options.

- **(A) Share Capital:** Incorrect. Share capital refers to the funds raised through the issue of shares, not through debentures.
- **(B) Debenture Capital:** Incorrect. This term is not typically used in financial reporting. Debentures are recorded under liabilities, not as capital.
- **(C) Non-current Liabilities:** Correct. Debentures are shown under non-current liabilities in the balance sheet as they are long-term debts.
- **(D) Current Liabilities:** Incorrect. Current liabilities are short-term obligations due within one year. Debentures are long-term liabilities.

Step 3: Conclusion.

Debentures are shown under non-current liabilities in the balance sheet as they represent long-term financial obligations.

Final Answer: Non-current Liabilities.

> **Quick Tip**
>
> Debentures are classified under non-current liabilities in the balance sheet because they represent long-term debt, usually payable over more than a year.

4. Shareholders get:

(A) Interest

(B) Dividend

(C) Commission

(D) Profit

Correct Answer: (B) Dividend

Solution:

Step 1: Understanding shareholders' rights.

Shareholders are part-owners of a company, and in return for their investment, they receive dividends, which are a share of the company's profits.

Step 2: Analysis of options.

- **(A) Interest:** Incorrect. Interest is typically paid to creditors or debenture holders, not shareholders.
- **(B) Dividend:** Correct. Shareholders receive dividends, which are portions of a company's profit distributed among them.
- **(C) Commission:** Incorrect. Shareholders do not receive commission; commission is usually paid to intermediaries or brokers.
- **(D) Profit:** Incorrect. Shareholders share in the profit through dividends, not directly as profit.

Step 3: Conclusion.

Shareholders receive dividends, which are a portion of the company's profits distributed to its investors.

Final Answer: Dividend.

Quick Tip

Shareholders typically earn a portion of a company's profits through dividends, which are declared by the company's board of directors.

5. Old ratio of two partners A and B is 5:3, they admit another partner C for 1/4th share. The new ratio among A, B and C is:

(A) 15 : 9 : 8

(B) 20 : 12 : 8

(C) 5 : 3 : 2

(D) 9 : 6 : 5

Correct Answer: (A) 15 : 9 : 8

Solution:

Step 1: Understanding the problem.

The original ratio between A and B is 5:3, which means for every 8 parts, A gets 5 parts, and B gets 3 parts. Partner C is admitted for a 1/4th share. So, the total share is now 1 (for A and B) + 1/4 (for C).

Step 2: Calculating the total share.

The total share is 1 (A + B) + 1/4 (C), which is equivalent to 5/4. The original share of A and B must be adjusted for the new total. Thus, A's new share = $\frac{5}{8} \times \frac{4}{5} = \frac{5}{4}$. Similarly, for B, we have: B's new share = $\frac{3}{8} \times \frac{4}{5} = \frac{3}{4}$.

Step 3: Adjusting the shares.

Now, we have: A = 15, B = 9, and C = 8, which leads to the new ratio of 15 : 9 : 8.

Step 4: Conclusion.

The new ratio of shares among A, B, and C is 15:9:8.

Final Answer: 15 : 9 : 8.

Quick Tip

When a new partner joins a partnership and is given a share, the original partners' shares are reduced proportionally to accommodate the new partner's share.

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6. The maximum number of partners in a partnership firm as per Companies Act, 2013 is:

(A) 20

(B) 50

(C) 100

(D) No limit

Correct Answer: (D) No limit

Solution:

Step 1: Understanding the Companies Act.

As per the Companies Act, 2013, the maximum number of partners in a partnership firm is not limited. There is no upper cap on the number of partners in a partnership firm.

Step 2: Analysis of other options.

- **(A) 20:** Incorrect. This is the limit for a partnership firm in certain cases under the old laws.
- **(B) 50:** Incorrect. This is the limit for certain types of firms in some jurisdictions, but not as per the Companies Act, 2013.
- **(C) 100:** Incorrect. The number of partners is not capped under the Companies Act, 2013.
- **(D) No limit:** Correct. As per the Companies Act, 2013, there is no limit on the number of partners in a partnership firm.

Step 3: Conclusion.

Therefore, the correct answer is that there is no limit on the number of partners.

Final Answer: No limit.

Quick Tip

The number of partners in a partnership firm is unlimited under the Companies Act, 2013.

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7. The goodwill brought in cash by a new partner is shared by the existing partners in:

(A) New profit-sharing ratio

(B) Old profit-sharing ratio

(C) Sacrificing ratio

(D) Gaining ratio

Correct Answer: (C) Sacrificing ratio

Solution:

Step 1: Understanding the sharing of goodwill.

When a new partner brings goodwill into the firm, it is shared by the existing partners. The sharing is done based on the sacrificing ratio, which reflects the amount of profit the existing partners are giving up to accommodate the new partner.

Step 2: Analysis of other options.

- **(A) New profit-sharing ratio:** Incorrect. The new profit-sharing ratio is determined after the goodwill has been shared, but it is not used to share the goodwill.
- **(B) Old profit-sharing ratio:** Incorrect. The old profit-sharing ratio is the basis for profit distribution before the new partner joins, but it is not used for sharing the goodwill brought in by the new partner.
- **(C) Sacrificing ratio:** Correct. The existing partners share the goodwill based on their sacrificing ratio, which represents the proportion of their profit they are sacrificing for the new partner.
- **(D) Gaining ratio:** Incorrect. The gaining ratio is used to distribute the profits after the new partner joins, not for sharing the goodwill.

Step 3: Conclusion.

Thus, the goodwill is shared by the existing partners in the sacrificing ratio.

Final Answer: Sacrificing ratio.

Quick Tip

The sacrificing ratio is used to share the goodwill brought in by a new partner. It reflects how much profit the existing partners are willing to give up.

8. Dissolution of partnership means:

(A) Ending of partnership agreement only

(B) Closing down of business completely

(C) Change in profit sharing ratio

(D) Admission of a new partner

Correct Answer: (B) Closing down of business completely

Solution:

Step 1: Understanding dissolution of partnership.

Dissolution of a partnership refers to the process by which the partnership ceases to exist as a business entity. It generally involves the end of the partnership agreement, the liquidation of assets, and the closing of business operations.

Step 2: Analysis of options.

- **(A) Ending of partnership agreement only:** Incorrect. Dissolution involves more than just ending the agreement. It also typically involves closing down the business.
- **(B) Closing down of business completely:** Correct. Dissolution of partnership often involves winding up the business operations, selling off assets, and settling liabilities.
- **(C) Change in profit sharing ratio:** Incorrect. A change in the profit-sharing ratio refers to a modification of the partnership agreement, not dissolution.
- **(D) Admission of a new partner:** Incorrect. Admission of a new partner is an event that may change the partnership agreement but does not constitute dissolution.

Step 3: Conclusion.

The dissolution of a partnership generally involves the complete closure of the business and not just an end to the partnership agreement.

Final Answer: Closing down of business completely.

Quick Tip

Dissolution of a partnership is not just the end of an agreement; it usually involves closing the business and settling accounts and liabilities.

Section - B

9. A Ltd forfeited 20 shares of K for non-payment of final call money of Rs. 3. Pass forfeiture entry when face value of share is Rs. 10.

Solution:

Step 1: Understand the forfeiture of shares.

When a shareholder fails to pay the final call money, the company can forfeit their shares. The forfeited shares are removed from the shareholder's account, and the company may reissue them.

Step 2: Pass the forfeiture entry.

In this case, the face value of each share is Rs. 10, and the final call money is Rs. 3, which has not been paid. The entry for the forfeiture of shares will be as follows:

$$\text{Journal Entry:}$$

$$\text{Bank Account Dr. } 10 \times 20 = 200 \quad \text{(Amount received from K till the call money stage)}$$

$$\text{Share Capital Account Cr. } 10 \times 20 = 200 \quad \text{(Face value of shares)}$$

$$\text{Forfeited Shares Account Cr. } 3 \times 20 = 60 \quad \text{(Final call money forfeited)}$$

$$\text{Total Entry:} \quad \text{Rs. } 200 \text{ Cr. and Rs. } 60 \text{ Cr.}$$

Quick Tip

When forfeiting shares, ensure to record both the face value and any unpaid amounts as forfeited in the journal entries.

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10. A Ltd. purchased plant from B Ltd. for Rs. 4,00,000 payable in fully paid shares of Rs. 100. Pass journal entries when shares are issued at par.

Solution:

Step 1: Understand the transaction.

A Ltd. has purchased a plant worth Rs. 4,00,000 from B Ltd., and the payment is made by issuing fully paid shares of Rs. 100 each at par.

Step 2: Pass the journal entry.

When shares are issued at par, the journal entry is as follows:

$$\text{Journal Entry:}$$

$$\text{Plant Account Dr. } 4,00,000 \quad \text{(Value of the plant purchased)}$$

$$\text{Share Capital Account Cr. } 4,00,000 \quad \text{(Fully paid shares issued at par)}$$

Quick Tip

When issuing shares at par for an asset purchase, the value of the asset is debited, and the share capital account is credited for the same amount.

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11. X, Y, and Z are partners in 2:1:1 ratio. Y retires. Calculate the new ratio.

Solution:

Step 1: Understand the Old Ratio.

The old ratio between X, Y, and Z is 2:1:1.

Step 2: Calculate Y's share.

Y's share in the profit or capital is given by the formula:

$$\text{Y's Share} = \frac{1}{2+1+1} = \frac{1}{4}$$

Step 3: Adjust for Y's Retirement.

When Y retires, their share of the capital is either paid out or adjusted between the remaining partners (X and Z). X and Z will share Y's share in the same ratio as their original share ratio (2:1).

Step 4: Calculate the New Ratio.

The total remaining share for X and Z after Y's retirement will be $\frac{3}{4}$. To calculate their new ratio:

$$X's\,\text{new share} = 2 \times \frac{1}{3} = \frac{2}{3}$$
$$Z's\,\text{new share} = 1 \times \frac{1}{3} = \frac{1}{3}$$

Thus, the new ratio between X and Z is 2:1.

Quick Tip

When a partner retires, the remaining partners share their capital and profits based on their original ratio.

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12. Define redemption of debentures. Explain any two methods of redemption.

Solution:

Step 1: Define Redemption of Debentures.

Redemption of debentures refers to the process of repaying the debt amount to the debenture holders, either at maturity or before maturity, through specific methods. It is a means by which the company extinguishes its liability to debenture holders.

Step 2: Methods of Redemption.

There are two common methods for redeeming debentures:

1. Redemption by Payment at Maturity.

Under this method, the debenture is redeemed at its face value on the maturity date. The company repays the full amount of the debenture to the debenture holder upon its due date.

2. Redemption by Purchase in the Open Market.

Under this method, the company purchases its debentures from the open market at market prices before the maturity date. The company may buy back the debentures at a price lower than the face value, thereby reducing its liability.

Quick Tip

Debenture redemption can be done either by paying the full amount at maturity or by purchasing debentures from the open market at a lower price.