INDIAN SCHOOL SALALAH

FIRST TERM EXAMINATION – SEPTEMBER 2024

ACCOUNTANCY (055)

Class: XII **Date:18/09/2024**

Time:3 HOURS **Maximum Marks: 80**

GENERAL INSTRUCTIONS:

1. This question paper contains 34 questions. All questions are compulsory.
2. Question 1 to 20 carries 1 mark each.
3. Questions 21 to 26 carries 3 marks each.
4. Questions from 27 to 29 carries 4 marks each
5. Questions from 30 to 34 carries 6 marks each
6. There is no overall choice.

1	Fixed Assets of a company increased from ₹3,00,000 to ₹4,00,000. What the percentage of change? A) 25% B) 33.3% C) 20% D) 40%	1
2	Assertion (A):- Interest on capital will be allowed to the partners based on the available profits. Reason (R):- Interest on capital is always a charge against profit A) (A) is correct but (R) is wrong. B) Both (A) and (R) are correct, but (R) is not the correct explanation of (A) C) Both (A) and (R) are incorrect. D) Both (A) and (R) are correct, and (R) is the correct explanation of (A)	1
3	Sohan and Mohan are partners sharing profits and losses in the ratio of 2:3 with the capitals of ₹ 5,00,000 and ₹ 6,00,000 respectively. On 1st January 2022, Sohan and Mohan granted loans of ₹ 20,000 and ₹ 10,000 respectively to the firm. Determine the amount of loss to be borne by each partner for the year ended 31st March 2022 if the loss before interest for the year amounted to ₹ 2,500. A) Share of Loss Sohan –₹ 1,250 Mohan – ₹ 1,250 B) Share of Loss Sohan –₹ 1,000 Mohan – ₹ 1,500 C) Share of Loss Sohan –₹ 820 Mohan – ₹ 1,230 D) Share of Loss Sohan –₹ 1,180 Mohan – ₹ 1,770	1
4	Gratitude and Obedience are partners. Gratitude draws a fixed amount at the end of every month. Interest on drawings is charged @8% p.a. At the end of the year interest on Gratitude's drawings amounts to ₹ 3,080. Monthly drawings of Gratitude were: A) ₹ 5,000 B) ₹ 60,000 C) ₹ 7,000 D) ₹ 8,000	1

5	Ajay, Binu and Chithra are partners in a firm with capital balances of ₹ 50,000, ₹ 70,000 and ₹ 80,000 respectively on 31st March, 2022. Ajay decides to retire from the firm on 31st March, 2022. With the help of the information provided, calculate the amount to be paid to Ajay on his retirement. There existed a general reserve of ₹ 7,500 in the balance sheet on that date. The goodwill of the firm was valued at ₹ 30,000. Gain on revaluation was ₹24,000. A) ₹ 88,500 B) ₹ 90,500 C) ₹ 65,375 D) ₹ 70,500	1
6	A, B and C are partners. A‘s capital is ₹ 3,00,000 and B‘s capital is ₹1,00,000. C has not invested any amount as capital but he alone manages the whole business. C wants 30,000 p.a. as salary, though the deed is silent. Firm earned a profit of ₹1,50,000. How much will each partner receives as an appropriation of profits? A) A ₹ 90,000; B ₹ 30,000; C ₹ 30,000 B) A ₹ 40,000; B ₹ 40,000 and C ₹ 70,000 C) A ₹ 50,000; B ₹ 50,000 and C ₹ 50,000 D) A ₹ 60,000; B ₹ 60,000; C ₹ 30,000	1
7	Assertion (A): Amount due to the deceased partner is never transferred to his Executors’ Loan Account. Reason (R): Amount due to the deceased partner may be paid immediately or later in instalments. In the context of above two statements, which of the following is correct? A) Assertion (A) and Reason (R) are correct and Reason(R) is the correct explanation of Assertion (A). B) Assertion (A) and Reason (R) are correct but Reason(R) is not the correct explanation of Assertion (A). C) Assertion (A) is correct but Reason (R) is not correct. D) Assertion (A) is not correct but Reason (R) is correct.	1
8	A and B share profits in the ratio of 3 : 2. C is admitted with 1/6 share in profits. C acquires 3/5th of his share from A and 2/5th of his share from B. The new ratio will be: A) 2 : 1 : 1 B) 23 : 13 : 12 C) 3 : 2 : 1 D) 13 : 23 : 12	1
9	P, Q and R were partners sharing profits in the ratio of their capital contribution which were ₹6,00,000; ₹4,00,000 and ₹5,00,000 respectively. Their books are closed on 31st March every year. P dies on 31st August, 2023. Under the partnership deed, deceased partner is entitled to his share of profit/loss to the date of death based on the average profits of preceding three years. Profits were 2020 ₹50,000; 2021 ₹12,000 (Loss); 2022 ₹50,000 and 2023 ₹70,000. P’s share of profit/loss will be: A) ₹6,000 B) ₹14,400 C) ₹18,000 D) None of the above	1
10	P, Q and R were partners. R died on 1st January, 2024 and the new ratio of P and Q decided as 2:1. R’s share of loss till the date of death is calculated as ₹3,000. What will be journal entry for the share of loss of R? A) P&L Suspense Dr. 3,000 To R’s Capital a/c 3,000 B) R’s Capital a/c Dr. 3,000 To P&L Suspense a/c 3,000 C) R’s Capital a/c Dr. 3,000	1

<table>
<tr><td></td><td>To P's Capital a/c 1,500
To Q's Capital a/c 1,500
D) R's Capital a/c Dr. 3,000
To P's Capital a/c 3,000</td><td></td></tr>
<tr><td>11</td><td>At the time of retirement of a partner, profit on revaluation will be credited to:
A) Capital Account of retiring partner
B) Capital Accounts of all partners in the old profit-sharing ratio.
C) Capital Accounts of the remaining partners in their old profit-sharing ratio
D) Capital Accounts of the remaining partners in their new profit-sharing ratio</td><td>1</td></tr>
<tr><td>12</td><td>P, Q and R share profits in the ratio of 5 : 3 : 2. S, the newly admitted partner, is entitled for 1/5th share in profits which he acquires equally from P, Q and R. Goodwill of the firm is to be valued at three year's purchase of last four year's profits which are ₹50,000; ₹60,000; ₹30,000 (loss) and ₹40,000. S cannot bring his share of goodwill in cash. Credit will be given to :
A) P ₹30,000; Q ₹30,000; R ₹30,000
B) P ₹6,000; Q ₹6,000; R ₹6,000
C) P ₹45,000; Q ₹27,000; R ₹18,000
D) P ₹9,000; Q ₹9,000; R ₹9,000</td><td>1</td></tr>
<tr><td>13</td><td>Rex, Tex and Flex are partners in a firm in the ratio of 5:3:2. As per their partnership agreement, the share of deceased partner is to be calculated on the basis of profits and turnover of previous accounting year. Tex expired on 31st December 2019. Turnover till the date of death was ₹18,00,000. Their profits and turnover for the year 2018-19 amounted to₹ 4,00,000 and ₹20,00,000 respectively. An amount of ____________will be given to his executors as his share of profits till the date of death.
A) ₹1,20,000
B) ₹90,000
C) ₹1,08,000
D) ₹81,000</td><td>1</td></tr>
<tr><td>14</td><td>In Common Size Statement of Profit and Loss:
A) Figure of Total Revenue is assumed to be 100
B) Figure of Total Expenses is assumed to be 100
C) Figure of Revenue from Operations is assumed to be 100
D) Figure of Profit after tax is assumed to be 100</td><td>1</td></tr>
<tr><td>15</td><td>Arun, Kiran and Vijay are partners in a firm sharing profits and losses in the ratio of 5:3:1. Kiran retired on 31st March, 2023.
Balance Sheet (Extract)<table><tr><td>Liabilities</td><td>(₹)</td><td>Assets</td><td>(₹)</td></tr><tr><td></td><td></td><td>Machinery</td><td>40,000</td></tr></table>If value of machinery in the balance sheet is undervalued by 20%, then at what value will machinery be shown in new balance sheet:
A) ₹44,000
B) ₹48,000
C) ₹32,000
D) ₹50,000</td><td>1</td></tr>
<tr><td>16</td><td>A and B are partners of a partnership firm sharing profits in the ratio of 3: 2 respectively. C was admitted for 1/5th share of profit. Machinery would be appreciated by 10% (book value ₹80,000) and building would be depreciated by 20% (₹2,00,000). Unrecorded debtors of ₹1,250 would be brought into books now and a creditor amounting to ₹2,750 died and need not pay anything on this account. What will be profit/loss on revaluation?
A) Loss ₹28.000
B) Loss ₹40,000
C) Profits ₹28,000
D) Profits ₹40,000</td><td>1</td></tr>
</table>

<table>
<tr><td>17</td><td>A and B were partners sharing profits and losses in the ratio of 3: 1. C was admitted for 1/5th share in the profits. C was unable to bring her share of goodwill premium in cash. The journal entry recorded for goodwill premium is given below:
<table>
<tr><th>Date</th><th>Particulars</th><th>LF</th><th>Dr. (₹)</th><th>Cr. (₹)</th></tr>
<tr><td></td><td>C’s Current A/c. Dr.
To A’s Capital A/c.
To B’s Capital A/c
(Being entry for goodwill treatment passed)</td><td></td><td>24,000</td><td>
8,000
16,000</td></tr>
</table>
The new profit-sharing ratio of A, B and C will be:
A) 41: 7: 12
B) 13:12: 10
C) 3:1: 1
D) 5:3: 2</td><td>1</td></tr>
<tr><td>18</td><td>A, B and C are partners. C expired on 18th December 2021 and as per agreement surviving partners A and B directed the accountant to prepare financial statements as on 18th December 2021 and accordingly the share of profits of C (deceased partner) was calculated as ₹12,00,000. Which account will be debited to transfer C’s share of profits?
A) Profit and Loss Suspense Account.
B) Profit and loss Appropriation Account.
C) Profit and loss Account.
D) None of the above.</td><td>1</td></tr>
<tr><td>19</td><td>G, S and T were partners sharing profits in the ratio 3:2:1. G retired and his dues towards the firm including Capital balance, Accumulated profits and losses share, Revaluation Gain amounted to ₹ 5,80,000. G was being paid ₹ 7,00,000 in full settlement. For giving that additional amount of ₹ 1,20,000, S was debited for ₹ 40,000. Determine goodwill of the firm.
A) ₹ 1,20,000
B) ₹80,000
C) ₹2,40,000
D) ₹ 3,60,000</td><td>1</td></tr>
<tr><td>20</td><td>When a new partner brings his share of goodwill in cash, the amount is credited to:
A) Premium for Goodwill a/c
B) Capital A/cs of new partner
C) Capital A/cs of old partners
D) Cash A/c</td><td>1</td></tr>
<tr><td>21</td><td>Cricket, Football and Badminton entered into partnership on 1st July, 2023 to share profits and losses in the ratio of 3:2:1. Cricket guaranteed that Badminton’s share of profit after charging interest on capital @ 6% p.a would not be less than ₹ 36,000 p.a. Their fixed capital balances are: ₹ 2,00,000, ₹ 1,00,000 and ₹ 1,00,000 respectively. Profit for the year ended 31st March, 2024 was ₹1,38,000. Prepare Profit and Loss Appropriation A/c,</td><td>3</td></tr>
<tr><td>22</td><td>K, L and M were partners in the ratio of 3:2:1. M died on 1st October, 2023 and as per the terms of deed goodwill of the firm was to be valued at 3 years purchase of the average super profit of last four years. Profits of last four years were;
<table>
<tr><td>Year</td><td>31/3/2020</td><td>31/3/2021</td><td>31/3/2022</td><td>31/3/2023</td></tr>
<tr><td>Profit</td><td>75,000</td><td>1,25,000</td><td>25,000 (loss)</td><td>1,05,000</td></tr>
</table>
Capital employed by the firm was ₹5,00,000 and the normal rate of return was 10%. K and L decided to share the future profit in 3:1.
By showing your calculations clearly pass necessary journal entry for the treatment of goodwill on the death of partner M.</td><td>3</td></tr>
<tr><td>23</td><td>(i) Rajeev and Sanjeev are partners in a firm sharing profits in the ratio of 3: 2 respectively. They admit Vijay as a new partner. Rajeev surrenders 1/4th of his share and Sanjeev 1/4th of his share in favour of Vijay. Calculate new profit-sharing ratio of Rajeev, Sanjeev and Vijay.
(ii) Anita and Sunita are partners in a firm sharing profits in the ratio of 3: 2 respectively. They</td><td>3</td></tr>
</table>

admitted Vinita as a new partner for 1/4th share. The new profit-sharing ratio between Anita and Sunita will be 2: 1. Calculate their sacrificing ratio.

24 X, Y and Z were partners in the ratio of 2:2:1. Their fixed capitals as on 1st April, 2024 were ₹2,00,000, ₹2,00,000 and ₹1,00,000 respectively. Y died on 30th June, 2024. His share of profit till the date of death is to be calculated on the basis of Profit and Sales. Sales for the year ended 31st March, 2024 was ₹10,00,000 and Profit for the same period was ₹3,00,000. Sales of the current year till the date of death was ₹3,00,000. Interest on capital is to be allowed at 6% per annum. There was a provision for salary of ₹2,000 per month to Y. Drawings made by Y till the date of death was ₹10,000 on that interest is to be charged at 5% per annum. 3

Pass necessary journal entries for the accounting treatment of share of profit, interest on capital, salary and drawings and interest on drawings. X and Z decided to share the future profits in 3:2 ratio.

25 Alok, Narendra and Shiv were partners in a firm sharing profits in the ratio of 5: 3: 2. Goodwill appeared at ₹ 90,000 and general reserve at ₹ 50,000 in the books of the firm. Narendra decided to retire from the firm. On the date of his retirement, goodwill of the firm was valued at ₹2,40,000. The new profit-sharing ratio of Alok and Shiv was 2: 3. Record necessary journal entries on Narendra's retirement. 3

26 Hemant and Nishant were partners in the ratio of 3:2. Their capitals were ₹1,60,000 and ₹1,00,000 respectively. They admitted Somesh on 1st April, 2023 as a new partner for 1/5th share in the future profits. He brought ₹1,20,000 as his capital but could not bring any amount for his share of goodwill. At the time of his admission, balance sheet of the firm showed a P&L a/c (Cr.) of ₹60,000 and Advertisement expenditure of ₹20,000. Calculate the value of goodwill of the firm and record necessary journal entries for the above transactions. 3

27 From the following Balance Sheet of KP Ltd. as at 31st March, 2018, prepare a Common Size Balance Sheet: 4

Particulars	Note No.	31/03/2018	31/03/2017
I. Equity and Liabilities			
Shareholders' Fund		12,00,000	10,00,000
Non-Current Liabilities		6,00,000	6,00,000
Current Liabilities		7,00,000	4,00,000
Total		25,00,000	20,00,000
II. Assets			
Non-Current Assets		13,00,000	12,00,000
Current Assets		12,00,000	8,00,000
Total		25,00,000	20,00,000

28 A, B and C were partners sharing profits in the ratio of 5:3:2. Their balance sheet as on 31st March, 2023 was as follows: 4

Liabilities	Amount	Assets	Amount
Creditors	20,000	Cash	16,000
Employees Provident Fund	26,000	Debtors	16,000
Capitals:		Stock	80,000
A: 1,00,000		Furniture	34,000
B: 70,000		Building	1,20,000
C: 50,000	2,20,000		
	2,66,000		2,66,000

C retired on the above date and it was agreed that:

(i) C's share of goodwill was ₹8,000.

(ii) 5% provision for doubtful debts was to be made on debtors.

(iii) Sundry creditors were valued ₹4,000 more than the book value.

Pass necessary journal entries for the above transactions on C's retirement.

29 A, B and C were partners in the ratio of 3:2:1. Their capital accounts stood at ₹8,00,000, ₹6,00,000 and ₹4,00,000 respectively on 1st April, 2023. Partners were entitled to interest on capital at 6% per annum and salary to B and C at ₹4,000 per month and ₹6,000 per quarter respectively. B's share of profit including interest on capital but excluding salary is guaranteed at a minimum of ₹82,000 per annum. Any deficiency arising on that account shall be met by C. The profits for the year ended 31st March, 2024 amounted to ₹3,12,000. Prepare Profit and Loss Appropriation account for the year ended 31st March, 2024. 4

30 X and Y were partners in the profit-sharing ratio of 3: 2. Their balance sheet as at March 31, 2022 was as follows: 6

Balance Sheet as at March 31, 2022

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	56,000	Plant and Machinery	70,000
General Reserve	14,000	Buildings	98,000
Capital Accounts:		Stock	21,000
X :1,19,000		Debtors 42,000	
Y :1,12,000	2,31,000	(-) Provision (7,000)	35,000
		Cash in Hand	77,000
	3,01,000		3,01,000

Z was admitted for 1/6th share on the following terms:

(i) Z will bring ₹ 56,000 as his share of capital, but was not able to bring any amount to compensate the sacrificing partners.
(ii) Goodwill of the firm is valued at ₹. 84,000.
(iii) Plant and Machinery were found to be undervalued by ₹ 14,000 Building was to brought up to ₹ 1,09,000.
(iv) All debtors are good.
(v) Capitals of X and Y will be adjusted on the basis of Z's share and adjustments will be done by opening necessary current accounts.

You are required to prepare revaluation account and partners' capital account.

31 Ravi, Pavi and Kavi were partners sharing profits in the ratio of 5: 4: 1. On 31st March, 2023 their balance sheet was as follows: 6

Balance as at 31/3/2023

Liabilities	Amount	Assets	Amount
Creditors	5,00,000	Fixed Assets	9,00,000
General Reserve	2,00,000	Stock	3,00,000
Capitals:		Debtors	3,00,000
Ravi : 6,00,000		Cash at Bank	4,50,000
Pavi : 4,50,000			
Kavi : 2,00,000	12,50,000		
	19,50,000		19,50,000

Pavi died on 1st July, 2023. According to the partnership deed, his executors were entitled to:

(i) Balance in his capital account.
(ii) His share of goodwill, which is calculated on the basis of average profits of last four years.
(iii) His share of profit up to the date of death calculated on the basis of average profits of last two years. The time period for which he survived in the year of death will be calculated in months.
(iv) Interest on capital @ 10% p.a. up to the date of death.
(v) His drawings up to the date of death amounted to ₹50,000 and interest is to be charged at 6% per quarter.

The firm's profits for the last four years were 2019-20: ₹ 2,20,000, 2020-21: 3,00,000: 2021-22: ₹ 3,60,000 and 2022-23: ₹ 3,20,000.

Pavi's executors were paid the amount due immediately.

Prepare Pavi's Capital Account to be presented to her executors.

32 Banwari, Girdhari and Murari are partners in a firm sharing profits and losses in the ratio of 4 : 5 : 6. On 31st March, 2014, Girdhari retired. On that date the capitals of Banwari, Girdhari and Murari before the necessary adjustments stood at ₹ 2,00,000, ₹ 1,00,000 and ₹ 50,000, respectively. On Girdhari’s retirement, goodwill of the firm was valued at ₹ 1,14,000. Revaluation of assets and re-assessment of liabilities resulted in a profit of ₹ 6,000. General reserve stood in the books of the firm at ₹ 30,000.

The amount payable to Girdhari was transferred to his loan account. Banwari and Murari agreed to pay Girdhari two yearly instalments of ₹ 75,000 each including interest @ 10% per annum on the outstanding balance during the first two years and the balance including interest in the third year. The firm closes its books on 31st March every year.

Prepare Girdhari’s Capital a/c and his loan a/c till its final settlement. 6

33 From the following information, prepare a Comparative Statement of Profit and loss for the year ended 31st March, 2024: 6

Particulars	31/3/2024	31/3/2023
Revenue from Operations	850,000	700,000
Depreciation	2,50,000	3,00,000
Employee benefit expenses and Finance Cost	3,60,000	3,00,000
Other Incomes	60,000	40,000

Other Information:

(i) Income tax is calculated at 50%

(ii) Finance Cost is 25% of the total of that category.

34 A and B were partners in a firm in the ratio of 3:2, On 31st March, 2014, the balance sheet of the firm was as follows; 6

Balance sheet as on 31st March, 2014

Liabilities	Amount	Assets	Amount
Capital a/c: A B	 60,000 20,000	Sundry Assets	80,000
	80,000		80,000

The profit of ₹80,000 for the year ended 31st March, 2014was divided between the partners without allowing interest on capital at 10% per annum and A’s salary of ₹1,000 per month. During the year A withdrew ₹10,000 and B ₹20,000. Pass a single journal entry to rectify the above errors,