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INDIAN SCHOOL SALALAH
FIRST TERM EXAMINATION – SEPTEMBER 2026



ACCOUNTANCY (055) SET 1

Class :XII

DATE: 14/09/2026

Time: 3 Hours

Maximum Marks: 80

General Instructions:

- i) This question paper contains 34 questions. All questions are compulsory.
- ii) Question 1 to 20 carries 1 mark each.
- iii) Questions from 21 to 26 carry 3 marks each.
- iv) Questions from 27 to 29 carry 4 marks each.
- v) Questions from 30 to 34 carry 6 marks each.

1	Antony, a partner was being guaranteed that his share of profits will not be less than ₹ 60,000 p.a. Deficiency, if any was to be borne by other partners Amar and Akbar equally. For the year ended 31st March, 2024 the firm incurred loss of ₹ 1,80,000. What amount will be debited to Amar's Capital Account in total at the end of the year? (A) ₹ 60,000 (B) ₹ 1,20,000 (C) ₹ 90,000 (D) ₹ 80,000	1
2	Assertion: Partner's current accounts are opened when their capital are fluctuating. Reasoning: In case of Fixed capitals all the transactions other than Capital are done through Current account of the partner. (A) Both A and R is true and R is the correct explanation of A. (B) Both A and R are true but R is not the correct explanation of A. (C) A is true but R is false (D) A is false but R is true	1
3	Forfeiture of shares leads to reduction of _____ Capital. (A) Authorised (B) Issued (C) Subscribed	1

	(D) Called up	
4	At the time of admission of new partner C, Old partners A and B had debtors of ₹ 6,20,000 and a provision for doubtful debts (PDD) of ₹ 20,000 in their books. As per terms of admission, assets were revalued, and it was found that debtors worth ₹ 15,000 had turned bad and hence should be written off. Which journal entry reflects the correct accounting treatment of the above situation? (A) Bad Debts A/c Dr. 15,000 To Debtors A/c 15,000 Prov for D. debts A/c Dr. 15,000 To Bad Debts A/c 15,000 (B) Bad Debts A/c Dr. 15,000 To Debtors A/c 15,000 Revaluation A/c Dr. 15,000 To Prov for doubt debts A/c 15,000 (C) Revaluation A/c Dr. 15,000 To Debtors A/c 15,000 (D) Bad Debts A/c Dr. 15,000 To Revaluation A/c 15,000	1
5	Ram and Shyam were partners sharing profits and losses in the ratio of 3:2. Their balance sheet shows building at ₹ 1,60,000. They admitted Mohan as a new partner for 1/4th share. In additional information it is given that building is undervalued by 20%. The share of loss/gain of revaluation of Shyam is _____ & current value of building shown in new balance sheet is _____. (A) Gain ₹ 12,800, Value ₹ 1,92,000 (B) Loss ₹ 12,800, Value ₹ 1,28,000 (C) Gain ₹ 16,000, Value ₹ 2,00,000 (D) Gain ₹ 40,000, Value ₹ 2,00,000	1
6	Kohli had applied for 900 shares, and shares were allotted to him in the ratio of 3: 2. He had paid application money of ₹ 3 per share and couldn't pay allotment money of ₹ 5 per share. First and Final call of ₹ 2 per share was not yet made by the company. His shares were forfeited. The following entry will be passed: Share Capital A/c Dr. X To Share Forfeited A/c Y To Share Allotment A/c Z Here amount representing X, Y and Z are: (A) ₹ 6,000; ₹ 2,700; ₹ 3,300 (B) ₹ 4,800; ₹ 2,700; ₹ 2,100 (C) ₹ 4,800; ₹ 1,800; ₹ 3,000 (D) ₹ 6,000; ₹ 1,800; ₹ 4,200	1
7	A company forfeited 6,000 shares of ₹ 10 each, on which only application money of ₹ 3 has been paid. 4,000 of these shares were re-issued at ₹ 12 per share as fully paid up. Amount of Capital Reserve will be _____	1

	(A) ₹ 18,000 (B) ₹ 12,000 (C) ₹ 30,000 (D) ₹ 24,000	
8	Rahul, Samarth and Ayaan were partners sharing profits and losses in the ratio of 5:4:3. Ayaan's fixed Capital balance as on March 31, 2026 was ₹ 2,70,000. Which of the following items would have affected this Capital balance? (A) Profit/Loss for the year (B) Additional Capital introduced (C) Reduction in Capital due to Capital Adjustment (D) Both B and C	1
9	On 1st April 2022, Galaxy ltd. had a balance of ₹8,00,000 in Securities Premium account. During the year company issued 20,000 Equity shares of ₹10 each as bonus shares and used the balance amount to 1 write off Loss on issue of Debenture on account of issue of 2,00,000, 9% Debentures of ₹100 each at a discount of 10% redeemable @ 5% Premium. The amount to be charged to Statement of P&L for the year for Loss on issue of Debentures would be: (A) ₹30,00,000. (B) ₹22,00,000. (C) ₹24,00,000. (D) ₹20,00,000.	1
10	Assertion: Hardik, a partner in a firm with four partners has advanced a loan of ₹50,000 to the firm for last six months of the financial year without any agreement. He claims an interest on loan of ₹3,000 despite the firm being in loss for the year. Reasoning: In the absence of any agreement / provision in the partnership deed, provisions of Indian Partnership Act, 1932 would apply. (A) Both A and R are correct, and R is the correct explanation of A. (B) Both A and R are correct, but R is not the correct explanation of A. (C) A is correct but R is incorrect. (D) A is incorrect but R is correct.	1
11	Rohit Ltd. purchased building from Siri Ltd for ₹8,00,000. The consideration was paid by issue of 6% debentures of ₹100 each at a discount of 20%. The 6% Debentures account is credited with: (A) ₹10,40,000 (B) ₹10,00,000 (C) ₹9,60,000 (D) ₹6,40,000	1
12	Which of the following statements is incorrect about debentures? (A) Interest on debentures is an appropriation of profits. (B) Debenture holders are the creditors of a company. (C) Debentures can be issued to vendors at discount.	1

	(D) Interest is not paid on Debentures issued as Collateral Security																																					
	Read the following hypothetical situation, answer question no. 13 and 14. Sachin and Anil are partners sharing profits in the ratio of 3:2 with capitals of ₹2,50,000 and ₹1,50,000 respectively. Interest on capital is agreed @ 6% p.a. Anil is to be allowed an annual salary of ₹12,500. During the year ended 31st March 2026, the profits of the year prior to calculation of interest on capital but after charging Anil's salary amounted to ₹62,000. A provision of 5% of this profit is to be made in respect of manager's commission. Following is their Profit & Loss Appropriation Account <table><tr><th>Particulars</th><th>Amount</th><th>Particulars</th><th>Amount</th></tr><tr><td>Interest on Capital:</td><td></td><td>P&L a/c</td><td>(XXXX)</td></tr><tr><td>Sachin</td><td>-----</td><td></td><td></td></tr><tr><td>Anil</td><td>-----</td><td></td><td></td></tr><tr><td>Anil's Salary</td><td>12,500</td><td></td><td></td></tr><tr><td>Profit transferred to:</td><td></td><td></td><td></td></tr><tr><td>Sachin's Capital a/c</td><td>(YYYY)</td><td></td><td></td></tr><tr><td>Anil's Capital a/c</td><td>-----</td><td></td><td></td></tr><tr><td></td><td>-----</td><td></td><td>-----</td></tr></table>	Particulars	Amount	Particulars	Amount	Interest on Capital:		P&L a/c	(XXXX)	Sachin	-----			Anil	-----			Anil's Salary	12,500			Profit transferred to:				Sachin's Capital a/c	(YYYY)			Anil's Capital a/c	-----				-----		-----	
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	-----		-----																																			
13	The amount which will be reflected in (YYYY) will be (A) ₹37,200 (B) ₹44,700 (C) ₹22,800 (D) ₹20,940	1																																				
14	The amount which will be reflected in (XXXX) will be: (A) ₹62,000. (B) ₹74,500. (C) ₹71,400. (D) ₹70,775.	1																																				
15	In the absence of an agreement, partners are entitled to: i) Profit share in capital ratio. ii) Commission for making additional sale. iii) Interest on Loan & Advances by them to the firm. iv) Salary for working extra hours. v) Interest on Capital. Choose the correct option: (A) Only i), iv) and v). (B) Only ii) and iii). (C) Only iii). (D) Only i) and iii).	1																																				

16	X and Y are partners in a firm with capital of ₹18,000 and ₹20,000. Z brings ₹10,000 for his share of goodwill and he is required to bring proportionate capital for $\frac{1}{3}$ rd share in profits. The capital contribution of Z will be: (A) ₹24,000. (B) ₹19,000. (C) ₹12,667. (D) ₹14,000.	1
17	String and Kite were partners sharing profits and losses in the ratio 5:3. They admitted spinner as a new partner. String sacrificed $\frac{1}{4}$ from his share and Kite sacrificed $\frac{1}{6}$ of his share. What will be the new ratio? (A). 6:5:5 (B). 9:5:10 (C). 15:10:7 (D). 35:21:40	1
18	A and B are partners. B draws a fixed amount during the middle of every quarter. Interest on drawings is charged @15% p.a. At the end of the year interest on B's drawings amounted to ₹9,000. Drawings of B were: (A) ₹24,000 per quarter. (B) ₹40,000 per quarter (C) ₹30,000 per quarter (D) ₹80,000 per quarter	1
19	Dawn Ltd. purchased an Equipment and paid ₹ 2,20,000 by cheque and issued 16,000 equity shares of ₹ 10 each at 25% premium. The purchase consideration will be: (A) ₹3,40,000 (B) ₹4,20,000 (C) ₹3,80,000 (D) ₹2,00,000	1
20	Bala and Lala were partners in a firm with Capitals of ₹ 24,00,000 and 16,00,000. They admitted Mala as a new partner for $\frac{1}{3}$ share for which Mala brings ₹ 20,00,000 as capital. There was Investment and Investment Fluctuation Reserve appearing in the books of ₹ 2,50,000 and ₹ 50,000 respectively. Bala took over 40% of the Investments at ₹ 80,000 and remaining Investments were valued at ₹ 1,10,000. By what amount Revaluation account will be affected for the above information? (A) Debited with ₹60,000 (B) Credited with ₹60,000 (C) Debited with ₹10,000 (D) Credited with ₹10,000	1
21	P, Q and R were partners with fixed capital of ₹ 50,000, ₹40,000 and ₹30,000. After distributing the profit of ₹48,000 for the year ended 31st March 2026 in their agreed ratio of 3:2:1, it was observed that: (a) Interest on capital was provided at 10% p.a. instead of 8% p.a.	3

	(b) Salary of ₹ 12,000 was credited to P instead of Q. You are required to pass a single journal entry in the beginning of the next year to rectify the above omissions. Show your workings clearly.											
22	Pioneer Fitness Ltd. took over the running business of Healthy World Ltd. having assets of ₹10,00,000 and liabilities of ₹ 1,70,000 for a purchase consideration of ₹8,90,000. a) Issuing 8% Debentures of ₹ 100 each at 5% premium redeemable after 6 years @ ₹ 110; and b) By issuing a cheque for ₹ 50,000. Pass the Journal entries in the books of Pioneer Fitness Ltd	3										
23	Lilly Ltd. forfeited 100 shares of ₹10 each issued at 10% premium (₹8 called up) on which the shareholder did not pay ₹3 of allotment (including premium) and first call of ₹2. Out of these 60 shares were reissued to Ram as fully paid for ₹8 per share and 20 shares to Suraj as fully paid up @ ₹12 per share at different intervals of time. Pass journal entries relating forfeiture and reissue of shares.	3										
24	Calculate goodwill of a firm on the basis of three years purchases of the Weighted Average Profits of the last four years. The profits of the last four years were: <table><tr><td>Year (ending 31st March</td><td>2023</td><td>2024</td><td>2025</td><td>2026</td></tr><tr><td>Amount</td><td>28,000</td><td>27,000</td><td>46,900</td><td>53,810</td></tr></table> The following adjustments are also to be considered: a) On 1st April, 2023 a major plant repair was undertaken for ₹10,000 which was charged as revenue expense. The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10% on reducing balance method. b) For the purpose of calculating Goodwill the company decided that the year ending 31.03.2023 and 31.03.2024 are weighted as 1 each and for year ending 31.03.2025 and 31.03.2026 weights be taken as 2 and 3 respectively.	Year (ending 31 st March	2023	2024	2025	2026	Amount	28,000	27,000	46,900	53,810	3
Year (ending 31 st March	2023	2024	2025	2026								
Amount	28,000	27,000	46,900	53,810								
25	Raju, Rinku and Munni were partners sharing Profits & Losses in the ratio 3:1:1. They admitted Chunni into partnership for 1/5th share of profit. It was decided that Munni will have 1/4 share in future profits. Goodwill of the firm was valued at ₹ 3,20,000 and Chunni was unable to bring anything. Calculate New Ratio, Sacrificing Ratio and journalise for goodwill at the time of admission of Chunni.	3										
26	Cat and Rat were partners sharing profits and losses in the ratio 3:2. They admit Dog as a partner for 1/6th share of profit. On the date of admission, there was a Workmen Compensation Reserve of ₹1,00,000 appearing in the balance sheet. Pass necessary journal entries for the treatment of Workmen Compensation Reserve in the following cases. (i) Workmen Compensation Claim incurred was ₹70,000. (ii) Workmen Compensation claim was ₹ 1,20,000 (iii) No claim on Workmen Compensation Reserve	3										

27	A company forfeited certain number of shares of face value ₹ 10 each, for nonpayment of final call money of ₹ 4. These shares were reissued at a discount of ₹ 5 and amount of ₹ 4500 was transferred to capital Reserve account. Pass the necessary journal entries to show the above transactions and prepare Share forfeited account.	4																																				
28	Atishyokti Ltd. company was registered with an authorized capital of ₹ 20,00,000 divided into 2,00,000 Equity Shares of ₹ 10 each, payable ₹ 3 on application, ₹ 6 on allotment (including ₹ 1 premium) and balance on call. The company offered 80,000 shares for public subscription. All the money has been duly called and received except allotment and call money on 5,000 shares held by Manish and call money on 4,000 shares held by Alok. Manish's shares were forfeited and out of these 3,000 shares were re-issued ₹ 9 per share as fully paid up. Show share capital in the books of the company. Also prepare notes to accounts.	4																																				
29	Amit, Sumit and Pulkit were partners sharing Profit & Loss in the ratio 5:3:2. Their Capitals were ₹ 8,00,000; ₹ 7,00,000 and ₹ 5,00,000 respectively. According to Partnership Deed:- (a) Interest on Capital was to be provided @ 10% p.a. (b) Salary to Amit ₹ 10,000 per month and Pulkit ₹ 15,000 per quarter. c) Commission to Sumit ₹ 70,000. (d) Sumit was being guaranteed that his share of profits will not be less than ₹ 65,000. Deficiency if any will be borne by Amit and Pulkit equally. Net Profit for the year ended 31 st March, 2026 was ₹6,00,000. Prepare a Profit and Loss Appropriation for the year ended 31 st March, 2026.	4																																				
30	The Directors of Rockstar Ltd. invited applications for 2,00,000 Shares of ₹ 10 each, issued at 20% premium. Share was payable as ₹ 5 on application, ₹ 4 (including premium) on allotment and balance on call. Public had applied for 3,20,000 shares out of which applications for 20,000 shares were rejected and remaining were allotted on pro-rata basis. Kumar, an applicant of 15,000 shares failed to pay allotment and call money. His shares were forfeited and out of these 6,000 shares were reissued at a discount of ₹2 per share. Pass journal entries for the above in the books of Rockstar Ltd.	6																																				
31	L and N were partners in a firm sharing profit & losses in the ratio of 3:2 .On 31st March 2025, their Balance Sheet was as follows:	6																																				
	<table><tr><td>Liabilities</td><td>Amount</td><td>Assets</td><td>Amount</td></tr><tr><td>Creditors</td><td>2,00,000</td><td>Land & Building</td><td>10,00,000</td></tr><tr><td>Long-term Debt</td><td>5,00,000</td><td>Machinery</td><td>7,00,000</td></tr><tr><td>Employee Provident Fund</td><td>50,000</td><td>Furniture</td><td>1,50,000</td></tr><tr><td>Capitals:</td><td></td><td>Investments</td><td>1,00,000</td></tr><tr><td>L: 8,00,000</td><td></td><td>Stock</td><td>1,00,000</td></tr><tr><td>M: 7,00,000</td><td>15,00,000</td><td>Debtors</td><td>1,00,000</td></tr><tr><td>Investment Fluctuation Fund</td><td>50,000</td><td>Cash</td><td>1,00,000</td></tr><tr><td></td><td></td><td>Profit and Loss a/c</td><td>50,000</td></tr></table>	Liabilities	Amount	Assets	Amount	Creditors	2,00,000	Land & Building	10,00,000	Long-term Debt	5,00,000	Machinery	7,00,000	Employee Provident Fund	50,000	Furniture	1,50,000	Capitals:		Investments	1,00,000	L: 8,00,000		Stock	1,00,000	M: 7,00,000	15,00,000	Debtors	1,00,000	Investment Fluctuation Fund	50,000	Cash	1,00,000			Profit and Loss a/c	50,000	
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		23,00,000		23,00,000	
	They admitted M as a new partner for $\frac{1}{6}^{\text{th}}$ share in the profits on the following terms: (a) M has to bring ₹5,00,000 as his capital and ₹1,00,000 as his share of goodwill (b) Land and Building was found undervalued by ₹1,00,000 and Stock was found overvalued by ₹25,000 (c) Market Value of investments were ₹75,000 (d) A provision for doubtful debts to be created at 10% on Debtors (e) Out of the total creditors, ₹25,000 is not going to be claimed and to be written off. (f) Capitals of L and M are to be adjusted according the capital and share of profit of M. Excess or deficit if any to be withdrawn or brought in by cash as the case may be. Prepare Revaluation a/c and Partners Capital a/c.				
32	Pass journal entries for the forfeiture and reissue of shares in the following cases: (a) A Ltd forfeited 3,000 shares of ₹10 each issued at a premium of ₹5 per share on which call money of ₹3 per share (including premium of ₹1) was not made because of not paying the allotment money of ₹7 (including premium of ₹3). Out of the forfeited shares 2,000 shares were reissued at ₹8 per share as fully paid up. (b) B Ltd forfeited 1,000 shares of ₹100 each which were issued at a premium of ₹30 per share on which the shareholder has paid only the application money of ₹30 (including premium of ₹10). 800 of the forfeited shares were reissued at ₹90 per share as ₹80 paid up				3
33	(a) Amir, Sharuk and Salman were partners in the ratio of 2:2:1. Their Capital as on 31st March, 2026 were ₹2,20,000, 1,20,000 and 70,000 respectively. As per the deed, the partners were entitled for the following: (a) Interest on Capital at 10% per annum (b) Interest on drawings at 6% per annum The profit for the year ended 31st March, 2026 of ₹1,20,000 was distributed in equal proportion without providing for the above. Drawings made by the partners during the year were ₹20,000 each. (i) Calculate the opening capital balances of the partners. Show your calculations clearly. (ii) Pass a single journal entry for rectifying the above omission.				6
34	Pass journal entries for the following transactions; (A) On 1st April, 2025, A company issued 5,000, 10% Debentures of ₹100 each at a discount of ₹10, redeemable at a premium of ₹20 after 5 years. Interest on debenture is payable on each half yearly dated 30th September and 31st March every year. Pass journal entries for the issue of as well as for interest on Debentures. (B) B Ltd issued 5,000, 12% Debentures as collateral security to State Bank of India for sanctioning a loan of ₹ 10,00,000. Show the accounting treatment of the same if the company wants to show issue of debenture as collateral security in its books of account.				3
					3

