THE VILLAGE
INTERNATIONAL SCHOOL
"We Nurture Dreams"
AIM HIGH, TOGETHER WE FLY

Date: 15.09.23 **GRADE: XII**	**TERM 1EXAMINATION (2023-24)** **ACCOUNTANCY [055]**	**Max marks: 80** **Time: 3 hours**

General Instructions:

1 This question paper contains 34 questions. All questions are compulsory.
2. Marks are indicated against each question.
3. Questions 1 to 20 carries 1 mark each.
4. Questions 21 to 26 carries 3 marks each.
5. Questions 27 to 29 carries 4 marks each.
6. Questions 30 to 34 carries 6 marks each.

Qn. No		Marks allocated
1	A draws 1,000 per month on the last day of every month. If the rate of interest is 5% p.a., then the total interest on drawings will be: (a) 325 (b) 275 (c) 300 (d)375	1
2	A, and B are partners sharing profits in the ratio of 2:3. Their balance sheet shows machinery at ₹2,00,000; stock ₹80,000, and debtors at ₹1,60,000. C is admitted and the new profit sharing ratio is 6:9:5. Machinery is revalued at ₹1,40,000 and a provision is made for doubtful debts @5%. A's share in loss on revaluation amount to ₹20,000. Revalued value of stock will be: (a) ₹62,000 (b) ₹1,00,000 (c) ₹60,000 (d) ₹98,000	1
3	In the absence of an agreement, partners are entitled to: (a) Salary (b) Profit share in capital ratio (c) Interest on loan and advances (d) Commission	1
4	Ram and Mohan were partners in a firm sharing profits and losses equally. With effect from 1st April, 2021, they agreed to share profits in the ratio of 4:3. Due to change in ratio, Mohan's gain or sacrifice will be: (a) Gain 1/14 (b) Sacrifice 1/14 (c) Gain 4/7 (d) Sacrifice 3/17	1
5	Reserves and accumulated profits are transferred to partners' capital accounts at the time of reconstitution in: (a) Old profit-sharing ratio (b) Sacrificing Ratio (c) Gaining ratio (d) New profit-sharing ratio	1

6	When a partner is given guarantee by other partners, any deficiency on such guarantee will be borne by: (a) Firm (b) All other partners (c) Partners with highest profit (d) Partner who has given the guarantee	1
7	In which of the following case, revaluation account is debited? (a) Increase in value of asset (b) Decrease in value of asset (c) Decrease in value of liability (d) No change in value of assets	1
8	X, Y and Z are partners sharing profits and losses in the ratio of 5:3:2. They decide to share the future profits in the ratio of 3:2:1. Workmen compensation reserve appearing in the balance sheet on the date, if no information is available for the same, will be: a) Distributed among the partners in old profit-sharing ratio b) Distributed among the partners in new profit-sharing ratio c) Distributed among the partners in capital ratio d)Carried forward to new balance sheet without any adjustment	1
9	Sun, Moon and Star are partners sharing profits in the ratio of 5:3:2. With effect from 1st July 2020, they agreed to share future profits 2:3:5. They decided to record the following without affecting the values. Profit & Loss A/c (Cr.) - ₹24,000 Advertisement Suspense A/c - ₹12,000 What is the impact of the above adjustments on Moon? (a) No effect on Moon (b) Moon debit by ₹ 3,600 (c) Moon credit by ₹ 3,600 (d) Moon debit by ₹ 12,000	1
10	There was an investment worth ₹ 1,20,000, 75% of the investment were taken over by a Partner at75% of their book value. The value at which the investment are taken over is:- (a) ₹ 90,000 (b) ₹ 67,500 (c) ₹ 80,000 (d) ₹ 65,000	1
11	X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profit was ₹ 6,00,000 and Z demanded minimum profit of ₹5,00,000 as his financial position was not good. However, there was no written agreement on this point. How will the profit be distributed? (a) Other partners will pay Z the minimum profit and will share the loss equally (b) Other partners will pay Z the minimum profit and will share the loss in capital ratio. (c) X and Y will take ₹50,000 each and Z will take ₹5,00,000. (d) ₹2,00,000 to each of the partners.	1

12	Ajith and Arjun are partners sharing profits in the ratio of 5 : 3. Ankit is admitted and the new profit sharing ratio is 2 : 3 : 3. At the date of admission, general reserve appears in the books at ₹48,000. Ajith's share in the reserve will be: (a) ₹30,000 (b) ₹18,000 (c) ₹12,000 (d) None of these	1
13	Which one of the following item cannot be recorded in Profit & Loss Appropriation Account? (a) Interest on capital (b) Interest on drawings (c) Manager's commission (d) Partner's salary	1
14	Closing entry for interest on loan allowed to partners: (a) Interest on partner's loan …Dr. To Profit and Loss A/c (b) Interest on partner's loan …Dr. To Profit and Loss Appropriation A/c (c) Profit and Loss A/c …Dr. To Interest on partner's loan (d) Profit and Loss Appropriation A/c …Dr. To Interest on partner's loan	1
	Read the following paragraph and answer the following Questions 15 and 16. Bhavya and Naman were partners in a firm carrying on a tiffin service in Hyderabad. Bhavya noticed that a lot of food is left at the end of the day. To avoid wastage, she suggested that it can be distributed to the needy. Naman wanted that It should be mixed with the food being served the next day. Naman then give a personal that if his share in the profit increased, he will not mind free distribution of leftover food. Bhavya happily agreed. So, they decided to change their profit sharing ratio 1:2 with immediate effect. On that date revaluation of assets and reassessment of liability was carried out that resulted into a gain of ₹ 18,000. On that day at the Goodwill of the firm was valued at ₹1,20,000.	
15	Sacrificing ratio equal to: (a) Old ratio minus new ratio (b)New share minus old share (c) Old share plus new share (d) Old share	1
16	Sacrificing /gain of Bhavya and Naman will be (a) Bhavya sacrifice 1/6 , Naman gains 1/6 (b) Bhavya gains 1/6 , Naman sacrifice 1/6 (c) Only Bhavya gains 1/6 (d) Only Naman sacrifice 1/6	1
17	Calculate the value of goodwill at 3 years' purchase when: Capital employed ₹2,50,000; Average profit ₹30,000 and normal rate of return is I0%. (a) ₹3000 (b) ₹25,000 (c) ₹30,000 (d) ₹5,000	1

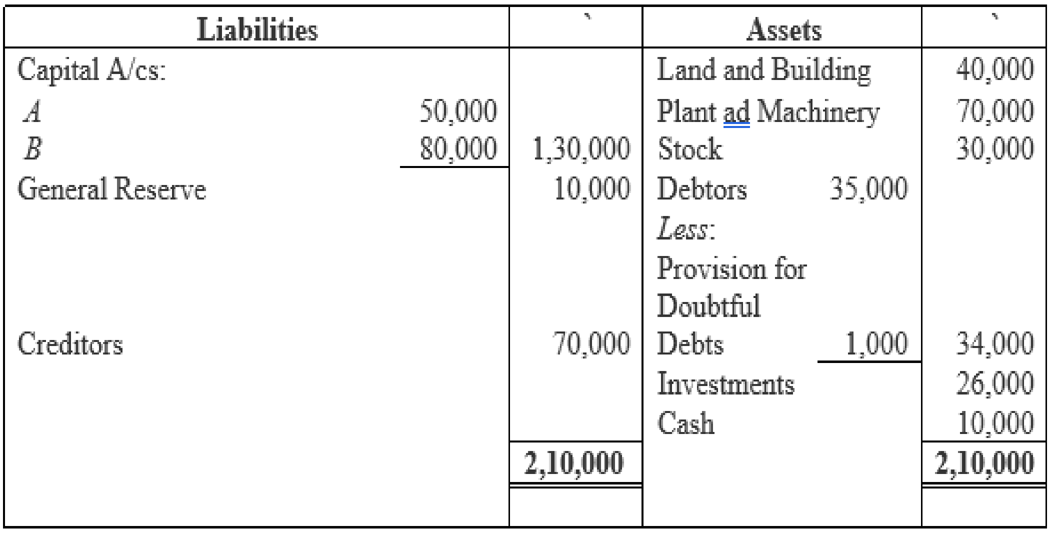
18	The net assets of the firm including fictitious assets of 5,000 are 85,000. The net liabilities of the firm are 30,000.The normal rate of return is 10% and the average profits of the firm are 8,000.Calculate the goodwill as per capitalization of super profits. (a) ₹20,000 (b) ₹30,000 (c) ₹25,000 (d) None of the above	1
19	When Goodwill is not purchased goodwill account can : (a) Never be raised in the books (b) Be raised in the books (c) Be partially raised in the books (d) Be raised as per the agreement of the partners	1
20	Weighted average profit method of calculating goodwill is used when: (a) Profits are not equal (b) Profits show a trend (c) Profits are fluctuating (d)None of the above	1
21	A firm of A, B and C with a ratio of 2:3:1 has Workmen Compensation Fund of₹ 30,000. With effect from 1st April, 2023, they decided to share the profits and losses in the new ratio 5:3:2. Pass the journal entries in the following cases. (a) There is no claim against Workmen Compensation fund. (b) There is a claim of₹ 12,000 against Workmen Compensation Fund.	3
22	Give Journal entries to record the following arrangements in the books of the firm: - X and Y are partners sharing profits in the ratio of 4 : 1. Z is admitted with 1/4th share of profits and with a capital of ₹1,00,000. The firm's goodwill is ₹40,000 and Z brings his share of premium for goodwill in cash.	3
23	P and Q were partners in a firm sharing profits and losses in the ratio of 2 : 1. They admitted C as a new partner for 1/4th share in the profits and the new profit sharing ratio will be 2 : 1 : 1. R bought ₹ 1,00,000 as his capital and ₹50,000 as premium for goodwill. The share of premium was withdrawn sacrificing partners from the firm. Calculate sacrificing ratio and pass necessary journal entries for the above transactions in the books of the firm.	3
24	The average profits for last 5 years of a firm are ₹20,000 and goodwill has been worked out ₹24,000 calculated at 3 years purchase of super profits. Calculate the amount of capital employed assuming the normal rate of interest is 8 %.	3

<table>
<tr><td>25</td><td>A, B and C are partners in a firm sharing profits and losses in the ratio of 3:2:1. They decide to share future profits and losses in the ratio of 2:3:4 with effect from 1st April, 2020.
An extract of their Balance Sheet as at 31st March, 2020 is:
<table>
<tr><th>Liabilities</th><th>₹</th><th>Assets</th><th>₹</th></tr>
<tr><td>Workmen Compensation Fund</td><td>60,000</td><td></td><td></td></tr>
</table>
Show the accounting treatment under the following cases:
(a) If the claim on WCF is ₹70,000.
(b) If a claim on account of workmen's compensation is estimated at ₹48,000.</td><td>3</td></tr>
<tr><td>26</td><td>Roy and Lalbin started business on April 1, 2021 with the capital of ₹1,00,000 each. Roy additionally introduced ₹50,000 to the firm on October 1, 2021 and Lalbin permanently withdrew ₹20,000 on the same date.
Calculate interest on capital payable to R and L @ 10 % p. a on 31st March, 2022.</td><td>3</td></tr>
<tr><td>27</td><td>Ravi and Mohan were partner in a firm sharing profits in the ratio of 7:5. Their respective fixed capitals were Ravi ₹10,00,000 and Mohan ₹7,00,000. The partnership deed provided for the following: -
(i) Interest on capital @ 12% p.a.
(ii) Ravi’s salary ₹6000 per month and Mohan’s salary ₹60000 per year.
The profit for the year ended 31-03-2017 was distributed without providing for the above.
Pass an adjustment Entry.</td><td>4</td></tr>
<tr><td>28</td><td>A partnership firm earned net profits during the last 3 years as follows:
<table>
<tr><th>Year</th><th>Net Profits</th></tr>
<tr><td>2017-18</td><td>1,90,000</td></tr>
<tr><td>2018-19</td><td>2,20,000</td></tr>
<tr><td>2019-20</td><td>2,50,000</td></tr>
</table>
The capital employed in the firm throughout the above period has been ₹4,00,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. The remuneration of all the partners during this period is estimated to be ₹ 1,00,000 per annum. Calculate the value of goodwill on the basis of:
(a) 2 years’ purchase of super profits earned on average basis during the above mentioned 3 years</td><td>4</td></tr>
</table>

29	X, Y and Z are sharing profits and losses in the ratio of 5:3:2. They decide to share future profits and losses in the ratio of 2:3:5 with effect from 1st April, 2022. They also decide to record the effect of the reserves without affecting their book figures, by passing a single adjusting entry. Book Figure General Reserve ₹ 40,000 Profit & loss A/C (Cr) ₹ 10,000 Advertisement Suspense A/C(Dr) ₹ 20,000 Pass the necessary single adjusting entry.	4
30	Ram, Mohan and Sohan are partners with capitals of ₹5,00,000, ₹2,50,000 and ₹2,00,000 respectively. After providing interest on capital @10% p.a. the profits are divisible as follows: Ram 1/2, Mohan 1/3 and Sohan 1/6. Ram and Mohan have guaranteed that Sohan's share in the profit shall not be less than ₹25,000, in any year. The net profit for the year ended March 31, 2022 is ₹2,00,000, before charging interest on capital. You are required to show distribution of profit.	6
31	Amit and Vijay started a partnership business on 1st April,2017. Their capital contributions were ₹ 2,00,000 and ₹ 1,50,000 respectively. The Partnership Deed provided that: (a) Interest on capital be allowed @ 10% p.a. (b) Amit to get a salary of ₹ 2,000 per month and Vijay ₹ 3,000 per month. (c) Profits are to be shared in the ratio of 3 : 2. Profit for the year ended 31st March, 2018 before above appropriations was ₹ 2,16,000. Interest on drawings amounted to ₹ 2,200 for Amit and ₹ 2,500 for Vijay and the drawings were ₹10,000 and ₹12,000 respectively. Prepare Profit and Loss Appropriation Account	6

32

A and B were partners in a firm sharing profits in 3 : 1 ratio. They admitted C as a partner for 1/4th share in the future profits. C was to bring ₹60,000 for his capital. The Balance Sheet of A and B as at 1st April, 2019, the date on which C was admitted, was:



Liabilities		`	Assets		`
Capital A/cs:			Land and Building		40,000
A	50,000		Plant ad Machinery		70,000
B	80,000	1,30,000	Stock		30,000
General Reserve		10,000	Debtors	35,000	
			Less:		
			Provision for Doubtful		
Creditors		70,000	Debts	1,000	34,000
			Investments		26,000
			Cash		10,000
		2,10,000			**2,10,000**

The other terms agreed upon were:

(a) Goodwill of the firm was valued at ₹24,000.
(b) Land and Building were valued at ₹65,000 and Plant and Machinery at ₹60,000.
(c) Provision for Doubtful Debts was found in excess by ₹400.
(d) A liability of ₹1,200 which was included in Sundry Creditors is not likely to arise.
(e) The capitals of the partners be adjusted on the basis of C's contribution of capital to the firm.
(f) Excess of shortfall, if any, be transferred to Current Accounts.

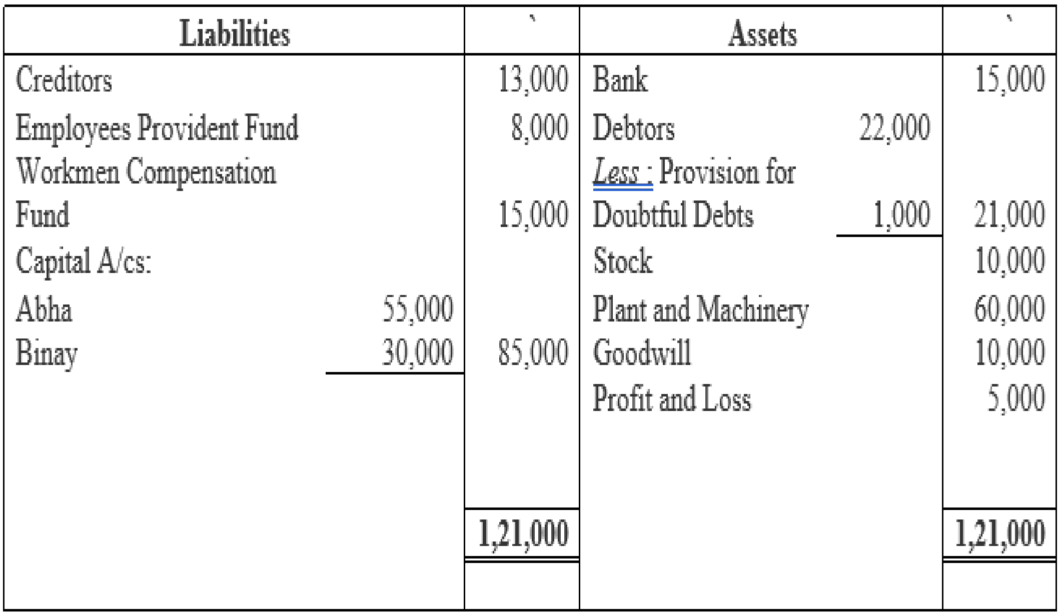
Prepare Revaluation Account, Partners' Capital Accounts.

6

33

Following is the Balance Sheet of Abha and Binay as at 31st March, 2014:

6



Liabilities		`	Assets		`
Creditors		13,000	Bank		15,000
Employees Provident Fund		8,000	Debtors	22,000	
Workmen Compensation			*Less :* Provision for		
Fund		15,000	Doubtful Debts	1,000	21,000
Capital A/cs:			Stock		10,000
Abha	55,000		Plant and Machinery		60,000
Binay	30,000	85,000	Goodwill		10,000
			Profit and Loss		5,000
		1,21,000			1,21,000

Chitra was admitted as a partner for 1/4th share in the profits of the firm. It was decided that:

(a) Stock worth ₹8,000 was taken over by Abha and Binay at Book Value in their profit-sharing ratio. The remaining stock was valued at ₹2,500.

(b) Plant and Machinery and Goodwill were valued at ₹32,000 and ₹20,000 respectively.

(c) Chitra brought her share of goodwill in cash.

Journalise the transactions.

34

Ramesh and Suresh were partners in a firm sharing profits in the ratio of their capitals. Their capital contributions on the commencement of business were ₹ 80,000 and ₹ 60,000 respectively. The firm started business on April 1, 2019. According to the partnership agreement, interest on capital and drawings are 12% p.a. and 10% p.a., respectively. Ramesh and Suresh are to get a monthly salary of ₹ 2,000 and ₹ 3,000, respectively.

6

The profits for year ended March 31, 2019 before making above appropriations was ₹ 1,00,300. The drawings of Ramesh and Suresh were ₹ 40,000 and ₹ 50,000, respectively. ₹Interest on drawings amounted to ₹ 2,000 for Ramesh and ₹2,500 for Suresh.

Prepare Profit and Loss Appropriation Account and partners' capital accounts, assuming that their capitals are fluctuating.

THE END