

BUDHA DAL PUBLIC SCHOOL PATIALA
First Term Examination (12 September 2024)
Subject – ACCOUNTANCY
Class XII (Set – A)

M.M.20

Time: 3 hrs.

General Instructions:

1. All questions are compulsory.
2. Question number 1-20 contains 1 mark each.
3. Question no. 21-24 contains 3 marks each.
4. Question no. 25-27 contains 4 marks each.
5. Question no. 28-33 contains 6 marks each.
6. Use of calculator is not allowed.

- Q1. Jolly and Monty started a business in partnership on 1st August 2020. They introduced capital Rs. 4,50,000 and Rs. 3,75,000 respectively. On 1st October 2020 Monty introduced Rs. 25,000 additional capital. Interest on capital provided as per the partnership deed at the end of the year 31st March 2021. Jolly Rs. 27,000 and Monty Rs. 23,625. What was the rate of interest of capital? (1)

a) 6% p.a. b) 8% p.a. c) 9% p.a. d) 12% p.a.

Each of the following questions consists of two statements one is Assertion (A) and other is Reason (R). Give answers (Q.No.2 to Q.No.3)

- (a) Both (A) and (R) are true, but (R) is the correct explanation of (A).
(b) Both (A) and (R) are correct, and (R) is not the correct explanation of (A).
(c) (A) is true and (R) are false.
(d) (A) is false, (R) is true.

- Q2. Assertion (A): Goodwill is shown in the books of accounts only when it is purchased. Self generated Goodwill is not recorded in the books of accounts. (1)

Reason (R): Accounting standard – 26 (AS 26) prescribes that goodwill should not be recognized in the books of accounts unless some money or money's worth is paid for it.

- Q3. Assertion (A): While calculating capital employed for the purpose of goodwill calculation, the following assets are not included: (1)

- i) Non-Trade Investments
- ii) Capital work in progress (building under construction may take 2-3 years for completion)
- iii) Intangible assets under development (software under development may take 2 more years)
- iv) Advance paid for the purchase of assets.

Reason (R): Assets which do not contribute in the firm to carry on business or in the operation of the business, should not be considered for the calculation of capital employed.

- Q4. Calculate rate of interest if, drawings of Rs. 2000 are withdrawn in the beginning of every month, yielding an interest of Rs. 1040? (1)

a) 7% p.a. b) 8% p.a. c) 9% p.a. d) 10% p.a.

- Q5. A and B were partners in a firm sharing profits in the ratio of 3 : 2. C and D were admitted as new partners. A sacrificed $\frac{1}{4}$ th of his share in favour of C and B sacrificed 50% of his share in favour of D. (1)

New profit sharing ratio of A, B, C and D:

a) 9:4:4:3 b) 3:2:1:1 c) 1:1:1:1 d) 9:4:3:4

- Q6. X, Y and Z are sharing profits and losses in the ratio of 5 : 3 : 2. They have decided to share future profits in the ratio of 2 : 3 : 5. At the time of reconstitution of partnership firm there was Investment Fluctuation reserve Rs. 4,000 and Short term investment Rs. 20,000 (Market value Rs. 19,000). How much amount of reserve is to be credited to Z? (1)

a) 1500 b) 900 c) 600 d) 1000

- Q7. A, B and C are partners in the firm, sharing profits in the ratio 2 : 2 : 1. Their capital accounts stand as Rs. 50,000, Rs. 50,000 and Rs. 25,000 respectively. B retired from the firm and balance in the general reserve on that date was Rs. 15,000. If goodwill of the firm is valued at Rs. 30,000 and profit on revaluation is Rs. 7,050, what amount will be transferred to B's loan account? (1)

a) Rs. 50,820 b) Rs. 70,820 c) Rs. 8,820 d) None of these

A - 1

- Q8. Himanshu, Mayank and Govind were partners in a firm sharing profits and losses in equal ratio. (1)
Himanshu retired from the firm on 31st March 2019. His capital account had balance of Rs. 1,20,000.
The journal entry to transfer the capital account to his loan account will be:

a) Himanshu's capital a/c	Dr. 1,20,000	1,20,000
To Himanshu's Loan a/c		
b) Himanshu's Capital a/c	Dr. 1,20,000	1,20,000
To Mayank's Loan a/c		
c) Himanshu's Capital a/c	Dr. 1,20,000	1,20,000
To Cash a/c		
d) Loan A/c	Dr. 1,20,000	1,20,000
To Himanshu's capital a/c		

- Q9. After closing accounts, it was found that interest on capital of Mr. Rishi @12% p.a. was omitted: (1)
His capital (Fluctuating) balance as on 31.03.2021 is Rs. 5,00,000
Additional capital introduced on 01.10.2020 is Rs. 1,00,000
Drawings against profit on 01.10.2020 is Rs. 60,000
Mr. Rishi's salary is Rs. 80,000 p.a.
Interest on drawing (Mr. Rishi) Rs. 5000 p.a.
Interest on capital will be

a) 60,000 b) 50,400 c) 54,000 d) 50,000

- Q10. Ram, Shyam and Mohan are partners sharing profits in the ratio of 5 : 3 : 2. They decided to share the (1)
future profits in the ratio 2 : 3 : 5 with effect from 1st April 2021. They decided to record the following
without affecting the values:

Profit and Loss A/c (Cr)	Rs. 24,000
Advertisement suspense a/c	Rs. 12,000

What is the impact of the following adjustment on Shyam's Capital Account?

- a) No effect on Shyam's Capital account
b) Shyam's Capital account debit by Rs. 3,600
c) Shyam's Capital account Credit by Rs. 3,600
d) Shyam's Capital Account debit by Rs. 12,000

- Q11. Kabir and Farid are partners in a firm sharing profits in the ratio of 3 : 1. On 01.04.2019, they admitted (1)
Manik into partnership for 1/4th share in the profits of the firm. Manik brought his share of goodwill
premium in cash.

Goodwill of the firm was valued on the basis of 2 years purchase of last three years average profits.
The profits of last three years were :

2016 - 17	90,000
2017 - 18	1,30,000
2018 - 19	86,000

During the year 2018 - 19 there was a loss of Rs. 20,000 due to fire which was not accounted for while
calculating profit.

Goodwill of the firm :

a) 2,04,000 b) 2,00,000 c) 1,08,667 d) 1,02,000

- Q12. The retiring partner is entitled to get share in the reserves, accumulated profit, profit, etc. appearing in (1)
the book because:

- a) they were earned by him too
b) he paid cash for them
c) he should be compensated for his share
d) he is buying them

- Q13. P, a partner, is to bear all expenses of realization for which he is to be paid Rs. 2000. P had to pay (1)
realization expenses of Rs. 2,500. How much amount will be debited to realization account?

a) Rs. 500 b) Rs. 2,500 c) Rs. 4,500 d) Rs. 2,000

- Q14. Esha and Navya are partners sharing profits in the ratio of 7 : 3. (1)

Loan given by the Esha to the firm on 1st October 2020 1,00,000

Loan given by the firm to Navya on 1st December 2020 60,000

Partnership deed provides interest on loan by Esha @ 10% p.a. and interest on loan by firm to Navya
@ 8% p.a. Profit for the year ended 31st March 2021 was Rs. 2,400.

Profit/loss shared by the partners :

- a) Loss to Esha 1,400 and Navya Rs. 600
- b) Profit to Esha 420 and Navya Rs. 180
- c) Loss to Esha 700 and Navya Rs. 300
- d) Loss to Esha 280 and Navya Rs. 120

Q15. Match the followings:

(1)

A, B and C are partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2, they decided to share profits and losses in the ratio of 4 : 3 : 3 w.e.f. 01.04.2021

i) Revaluation Profit = 10,000	a) A = 5,000 (Dr.); B = 3,000 (Dr); C=2,000 (Dr)
ii) Revaluation Loss – 10,000	b) A = 10,000 (Dr.); B = 6,000 (Dr); C=4,000 (Dr)
iii) Goodwill appeared in books = 20,000	c) A = 5,000 (Cr); B = 3,000 (Cr); C=2,000 (Cr)
iv) Goodwill valued = 20,000	d) A = 2,000 (Cr.); B = NIL; C=2,000 (Dr)

- a) i) – c, ii) – a, iii) – d, iv) – b
- b) i) – b, ii) – c, iii) – d, iv) – a
- c) i) – d, ii) – a, iii) – c, iv) – b
- d) i) – c, ii) – a, iii) – b, iv) – d

Q16. A and B are partners sharing profits in the ratio of 3 : 2. They decided to admit Rishi as a new partner and profit sharing ratio is 2 : 2 : 1. Goodwill already appeared in the book is Rs. 50,000. Correct Journal entry will be :

(1)

a) A's capital a/c	Dr. 30,000	
B's capital a/c	Dr. 20,000	
	To Goodwill a/c	50,000
b) Goodwill's a/c	Dr. 50,000	
	To A's capital a/c	30,000
	To B's capital a/c	20,000
c) A's capital a/c	Dr. 20,000	
B's capital a/c	Dr. 20,000	
C's capital a/c	Dr. 10,000	
	To Goodwill a/c	50,000
d) Goodwill A/c	Dr. 50,000	
	To A's a/c	20,000
	To B's a/c	20,000
	To C's a/c	10,000

Q17. Investments valued Rs. 2,00,000 were not shown in the books. One of the creditors took over these investments in full satisfaction of his debt of Rs. 2,20,000. How much amount will be deducted from creditors? (1)

- a) Rs. 20,000
- b) Rs. 2,20,000
- c) Rs. 4,20,000
- d) Rs. 2,00,000

Q18. Loss including deficiencies first paid out of _____ then out of capital. (1)

- a) Reserves
- b) Provisions
- c) Profits
- d) Drawings

Q19. Alka, Malik and Sudhir were partners in a partnership firm. Alka retired from partnership. Her capital account had balance of Rs. 2,00,000 which was to be paid by the firm in two equal annual installments including 6% p.a. interest. Total amount paid to her (1)

- a) Rs. 2,06,000
- b) Rs. 2,12,000
- c) Rs. 2,24,000
- d) Rs. 2,18,000

Q20. Riyansh, Garv and Kavleen were partners in a firm sharing profits and losses in the ratio of 8 : 7 : 5. On 2nd November 2018, Kavleen died. Kavleen's share of profits till the date of her death was calculated at Rs. 9,375. The journal entry will be: (1)

a) Kavleen's capital a/c	Dr. 9375	
	To Bank a/c	9375
b) Profit & Loss suspense a/c	Dr. 9375	
	To Kavlin's Capital a/c	9375
c) Kavleen's Capital a/c	Dr. 9375	
	To Goodwill a/c	9375
d) Profit & Loss suspense a/c	Dr. 9375	
	To Bank a/c	9375

Q21. Rohit, Raman and Raina are partners in a firm. Their capital accounts on 1st April 2019 stood at Rs. 2,00,000, Rs. 1,20,000 and Rs. 1,60,000 respectively. Each partner withdrew Rs. 15,000 during the financial year 2019-20. (3)

As per the provisions of partnership deed : (a) Interest on capital was to be allowed @ 5% p.a. (b) Interest on drawings was to be charged @ 4% p.a. (c) Profits and losses were to be shared in the ratio 5 : 4 : 1.

The net profit of Rs. 72,000 for the year ended 31st March 2020 was divided equally amongst the partners without providing for the terms of the deed. You are required to pass a single adjustment entry to rectify the error. (show workings clearly).

- Q22. A, B and C are in partnership sharing profits and losses in the ratio 5 : 4 : 1. Two new partners D and E are admitted. Profits are to be shared in the ratio of 3 : 4 : 2 : 2 : 1 respectively. D is to pay Rs. 30,000 for his share of goodwill but E is unable to pay for goodwill. Both the new partners introduced Rs. 40,000 each as their capital. Pass necessary journal entries. (3)

- Q23. Monu, Nigam and Shreya were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 1. The firm closes its books on 31st March every year. As per the terms of partnership deed on the death of any partner, the share of goodwill of the deceased partner will be calculated on the basis of 50% of the net profits credited to the partners capital accounts during the last four completed years before death. Monu died on 1st July 2015. The profits for last four years were: (3)

Year	Profit (Rs.)
2011-12	97,000
2012-13	1,05,000
2013-14	30,000
2014-15	84,000

His share of profit in the year of his death, was to be calculated on the basis of sales. Sales for the year ended 31st March 2015 amounted to Rs. 21,00,000. From 1st April 2015 to 30th June 2015, the firm's sales were Rs. 2,00,000.

Pass necessary journal entries relating to the amount of goodwill and profit to be transferred to Monu's capital account. Show your workings clearly.

- Q24. Asha, Deepa and Lata are partners in a firm sharing profits in the ratio of 3 : 2 : 1. Deepa retires. After making all adjustments, relating to revaluation, goodwill and accumulated profits etc. the capital accounts showed a credit balance of Rs. 1,60,000 and Rs. 80,000 respectively. It was decided to adjust the capitals of Asha and Lata in their new profit ratio. You are required to calculate the new capitals of the partners and record necessary journal entries for bringing or withdrawal of the necessary amounts involved. (3)

- Q25. Madhu and Neha were partners, in a firm sharing profits and losses in the ratio of 3 : 5. Their fixed capitals were Rs. 4,00,000 and Rs. 6,00,000 respectively. On 01.01.2016, Tina was admitted as the new partner for 1/4th share in the profits. Tina acquired her share of profit from Neha. Tina brought Rs. 4,00,000 as her capital which was to be kept fixed like the capitals of Madhu and Neha. Calculate the goodwill of the firm and pass necessary journal entry for the treatment of goodwill valued on Tina's admission considering that Tina did not bring her share of goodwill premium in cash, if non-trade investments and credit balance of profit and loss account is Rs. 60,000 and Rs. 40,000 respectively. Show your workings clearly. (4)

- Q26. Bala and Ramu are partners sharing profits and losses in the ratio of 3 : 1 respectively. They decided to dissolve the firm on 31st March 2020. At the date same of the balances were: (4)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Bala's capital	50,000	Ramu's capital	5,000
Trade Creditors	15,000	Profit and Loss account	4,000
Loan from Mrs. Bala	5,000	Cash at Bank	1,000
		Sundry Assets	Balancing fig.
	70,000		70,000

The assets (other than cash at bank) realized Rs. 55,000 and all creditors including loan from Mrs. Bala were paid off at 5% discount. Realisation expenses amounted to Rs. 500. Answer the following questions from above case study:

- What will be sundry assets at the date of dissolution?
- What is the loss on realization?
- What is the amount paid to creditors?
- What will be the final payment to Bala?

- Q27. Manu, Sonu and Tony were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. The firm closes its book on 31st March every year. Manu died on 31st July 2019. His executor is entitled to : (4)

- His capital Rs.4,00,000 and his share of goodwill. Goodwill of the firm was valued Rs. 96000.
- His share of profit till the date of his death which will be calculated on the basis of average profits of last three years.
- Average profits of last three years were Rs. 78000.
- Interest on capital @ 6% p.a.
- His drawings till the date of death were Rs. 21,000.

Prepare Manu's capital account to be rendered to his executors.

- Q28.** A and B are partners sharing profits and losses in the ratio of 3 : 2. They agree to take C into partnership for $\frac{1}{3}$ rd share. For this purpose, goodwill is to be valued at two year's purchase of the average profits of last four years which were as follows: (6)

Year ending on 31st March 2018 = 4,00,000

Year ending on 31st March 2019 = 5,00,000

Year ending on 31st March 2020 = 6,00,000

Year ending on 31st March 2021 = 7,00,000

On a scrutiny of the accounts the following matters are revealed ;

- An abnormal loss of Rs. 50,000 was incurred during the year ended 31st March 2018.
- An abnormal gain of Rs. 50,000 was incurred during the year ended 31st March 2020.
- Closing stock as on 31st March 2019 was undervalued by Rs. 40,000.
- Repairs to car amounting to Rs. 40,000 was wrongly debited to Car Account on 1st January 2018. Depreciation was charged on Vehicles @ 10 p.a. on Straight Line Method.
- To cover management cost an annual charge of Rs. 4,800 should be made for the purpose of goodwill valuation.

Calculate the value of goodwill of the firm.

- Q29.** Sunaina and Tamanna are partners in a firm sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as at 31st March, 2020 stood as follows: (6)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
<u>Capital A/cs</u>		Plant & Machinery	1,20,000
Sunaina 60,000		Land & Building	1,40,000
Tamanna <u>80,000</u>	1,40,000	Debtors 1,90,000	
		Less : Provision (40,000) for doubtful debts	1,50,000
<u>Current Accounts</u>		Stock	
Sunaina 10,000		Cash	40,000
Tamanna <u>30,000</u>	40,000	Goodwill	30,000
General Reserve	1,20,000		20,000
Workmen Compensation Reserve	50,000		
Creditors	1,50,000		
	<u>5,00,000</u>		<u>5,00,000</u>

They agreed to admit Pranav into partnership into partnership for $\frac{1}{5}$ th share of profits on 1st April 2020 on the following terms :

- All Debtors are good.
- Value of plant and machinery to be reduced, by Rs. 20,000.
- Value of land and building to be increased to Rs. 1,80,000.
- The liability against workmen's compensation fund is determined at Rs. 20,000, to be paid later.
- Mr. Anil, to whom Rs. 40,000 were payable (already included in above creditors), drew a bill of exchange for 3 months which was duly accepted.
- Pranav to bring in capital Rs. 1,00,000 and Rs. 10,000 as premium for goodwill in cash.
- The capitals of Sunaina and Tamanna are to be adjusted on the basis of Pranav's share and adjustments will be done by opening necessary current accounts.

You are required to prepare revaluation account, capital accounts and current accounts.

- Q30. Gini, Bini and Mini were in partnership sharing profits and losses in the ratio 5 : 2 : 2. Their Balance Sheet as at 31st March, 2021 was as follows: (6)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors	56,500	Cash	1,17,300
Bank overdraft	61,500	Debtors	38,000
Workmen's Compensation Fund Reserve	32,000	Less: Provision for doubtful debts (2300)	35,700
Capital Accounts:		Inventories	1,34,000
Gini	4,60,000	Machinery	1,00,000
Bini	3,00,000	Furniture	1,80,000
Mini	<u>2,90,000</u>	Building	5,70,000
	10,50,000	Goodwill	63,000
	<u>12,00,000</u>		<u>12,00,000</u>

On 31st March 2021, Gini retired from the firm. All partners agreed to revalue the assets and liabilities on the following basis :

- Bad debts amounted to Rs. 5,000 A provision for doubtful debts was to be maintained at 10% on debtors.
- Partners have decided to write off existing goodwill.
- Goodwill of the firm was valued at Rs. 54000 and be adjusted into capital accounts of Bini and Mini, who will share future profits in the ratio of 5 : 4.
- The assets and liabilities valued as : Inventories Rs. 1,30,000; Machinery Rs. 82,000; Furniture Rs. 1,95,000 and Building Rs. 6,00,000
- Liability of Rs. 23,000 is to be created on accounts of workmen compensation claim.
- There was an unrecorded investment in shares of Rs. 25,000. It was decided to pay-off Gini by giving her unrecorded investment in full settlement of her part payment of Rs. 28,000 and remaining amount after two months.

Journalise the above transactions.

- Q31. Journalise the following transactions: (6)

- A machinery with a book value of Rs. 6,00,000 was taken over by Gaurav at 50% and stock worth Rs. 5,000 was taken over by a creditor of Rs. 9000 in full settlement of him claim.
- Land and building (book value Rs. 3,00,000) was sold for Rs. 4,00,000 through a broker who charged 2% commission.
- Sona took over the responsibility to realize the assets and discharge the liabilities at a remuneration of Rs. 20,000 and was to bear all expenses of realization. She paid realization expenses of Rs. 18000 out of her personal account.
- Kanav took over 40% of the stock at 20% less than the book value. Remaining stock was sold at a gain of 10% (Book value of stock = 24000)
- Vinit promised to pay off Mrs. Vinit's loan (Book value = Rs. 60,000) and took stock at 20% discount (Book value = 70,000)

- Q32. Karan, Charan and Sharan are partners in a firm. On 1st April 2023, the balances in their capital accounts stood at Rs. 14,00,000, Rs. 6,00,000 and Rs. 4,00,000 respectively. They shared profits in the proportion of 7 : 3 : 2 respectively. Partners are entitled to interest on capital @ 6% per annum and salary to Charan @ Rs. 50,000 p.a. and a commission of Rs. 3000 p.m. to Sharan as per the provision of partnership deed. Charan's share of profit (excluding interest on capital) is guaranteed at not less than Rs. 1,70,000 p.a. Sharan's share of profit (including interest but exceeding commission) is guaranteed at not less than Rs. 1,50,000 p.a. Any deficiency arising on that account shall be met by Karan. The profit of the firm for the year ended 31st March 2024 amounted to Rs. 9,50,000. The profits were distributed without providing for interest on capital, salary and commission. Pass the necessary adjustment entry. (6)

- Q33. Garima, Harish and Reena were partners in a firm sharing profits and losses equally. On 1st July 2015, Harsh died and the amount payable to his executors was Rs. 90,000. It was agreed between the remaining partners and Harish executors that the executors will be paid in four equal yearly installments alongwith interest @10 per annum starting the first installment from 30 June 2016. Prepare Harish's executors' account till it is finally closed. (6)