CLASS XII
MID TERM (2023- 24)
ACCOUNTANCY
SET B2

Time Allowed: 3 Hours **Max Marks :80**

GENERAL INSTRUCTIONS

- This question paper consists of 10 printed pages.
- There are 34 questions in the question paper. All questions are compulsory.
- All parts of a question should be attempted at one place.
- Write the serial number of the question before attempting it.

1	Reeta, Teena and Fatima 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. Teena 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. Calculate the amount to be given to her executors as her share of profits till the date of death. a) ₹1,08,000 b) ₹1,20,000 c) ₹1,00,000 d) ₹98,000	1
2	A and B are partners sharing profits and losses in the ratio 5: 3. On admission, C brings by cheque ₹ 70,000 as Capital and ₹ 48,000 as Goodwill. New Profit-sharing Ratio among A, B and C is 7: 5: 4. Sacrificing ratio between A and B is: a) 3:1 b) 4:7 c) 5:4 d) 2:1	1
3	A, B and C are partners. C expired on 18th December 2019 and as per agreement surviving partners A and B directed the accountant to prepare financial statements as on 18th December 2019 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. C's Capital Account	1

4	"A" one of the Partners was to bear all the Realisation Expenses for which he was given a commission of 3% of net cash realised from Dissolution. Cash realized from Assets was ₹ 25,000. Amount paid for paying off liabilities amounted to ₹ 5,000. The amount of commission will be: - (a) ₹ 750 (b) ₹ 150 (c) ₹ 800 (d) ₹ 600	1
5	Amit and Anil are partners sharing profits in the ratio of 5: 3 having Capitals of ₹ 2,50,000 and ₹ 2,00,000 respectively. Atul was admitted as partner for $1/5^{th}$ share in profits who brings ₹ 50,000 as Capital and ₹ 16,000 as Goodwill. Capitals are to be in profit-sharing ratio based on Atul's share. Capitals of Amit, Anil and Atulrespectively after admission of Atul will be: a) ₹1,25,000, ₹75,000, ₹50,000 b) ₹2,20,000, ₹1,82,000, ₹66,000 c) ₹2,92,500, ₹2,25,000, ₹50,000 d) ₹2,82,500, ₹2,19,500, ₹66,000	1
6	Sarvesh, Sri Niketan and Srinivas are partners in the ratio of 5:3:2. If Sri Niketan's share of profit at the end of the year amounted to ₹1,50,000, what will be Sarvesh's share of profits? a) ₹5,00,000. b) ₹1,50,000. c)₹3,00,000. d)₹2,50,000	1
7	As per Section 52 of Companies Act 2013, Securities Premium cannot be utilized for: (a) Writing off capital losses. (b) Issue of fully paid bonus shares. (c) Writing off discount on issue of securities. (d) Writing off preliminary expenses.	1
8	If Goodwill is ₹1,20,000, Average Profit is ₹60,000, Normal Rate of Return is 10% on CapitalEmployed ₹4,80,000. Calculate capitalized value of the firm: a) ₹6,00,000 b) ₹5,00,000 c) ₹4,00,000 d) ₹7,00,000	1
9	X, Y and Z are partners in a firm sharing profits and losses in the ratio of 6: 4: 1. X guaranteed a profit of ₹ 30,000 to Z. The net profit for the year ending 31^{st} March, 2022 was ₹ 1,10,000. X's share in the profit of the firm will be: a) ₹ 30,000 b) ₹ 15,000 c) ₹ 48,000 d) ₹ 40,000	1

10	A, B and C are partners sharing profits in the ratio of 4: 3: 2. D is admitted for 2/9thshareof profits. He brings ₹ 30,000 as capital. New Profit-sharing Ratio is 3: 2: 2: 2. Goodwill amount will be credited in the capital account of: a) A only b) A, B and C (equally) c) A and B (equally) d) A and C (equally	1
11	Keshav and Murari are partners in a firm. They admitted Yadav as a partner with 1/4th share in profits on 1st April ,2020. On that date the creditors stood at ₹ 60,000 and Bank Overdraft was ₹ 15,000. Their assets apart from Cash included Stock ₹ 10,000; Debtors ₹ 40,000; Plant andMachinery ₹ 80,000; Land and Building ₹ 2,00,000. It was agreed that Stock should be depreciated by ₹ 2,000; Plant and Machinery by 20%; ₹ 5,000 should be written off as Bad Debts. Gain on Revaluation was ₹ 27,000. What is the revalued value of Land andBuilding? a) ₹2,20,000 b) ₹2,50,000 c) ₹ 1,50,000 d) ₹ 2,36,500	1
12	State the order of payment of the following, in case of dissolution of partnership firm. (i) To each partner proportionately what is due to him/her from the firm for advances as distinguished from capital (i.e., Partner's Loan); (ii) To each partner proportionately what is due to him on account of capital; and (iii) For the debts of the firm to the outside parties. OPTIONS: (a) (i), (iii), (ii) (b) (ii), (iii), (i) (c) (i), (ii), (iii) (d) (iii), (i), (ii)	1
13	On the retirement of Hari from the firm of Hari, Ram and Sharma, the Balance Sheet showed a debit balance of ₹12,000 in the Profit & Loss A/c. For calculating the amount payable to Hari, this balance will be transferred: (a) to the credit of the Capital Accounts of Hari, Ram and Sharma equally. (a) to the debit of the Capital Accounts of Hari, Ram and Sharma equally (b) to the debit of the Capital Accounts of Ram and Sharma equally (d) to the credit of the Capital Accounts of Ram and Sharma equally	1

14	Arrange the following steps involved for the Valuation of Goodwill by Average Profit Method: 1. Goodwill =Average Profit x No. of Years' Purchase. 2. Average Profit =Total Profits/No, of Years. 3. Calculate normal profit or loss for each of the past year, after adjusting any abnormalities. 4. Calculate total profits by adding each relevant year's past profits. (a) 4,2,3,1 (b) 1,3,4,2 (c) 2,3,1,4 (d) 3,4,2,1	1
	Read the given extract and answer q.no. 15 & 16: Sometimes the existing partners decide to change their profit-sharing ratio. As a result of change in profit sharing ratio, one or more of the existing partners may acquire extra share in profits at the cost of one or more of other partners. In such a case, in order to maintain equity amongst the partners, itis necessary to make adjustments for goodwill, revaluation of assets and liabilities, reserves, accumulated profitsand losses etc.	
15	Which of the following will implement a change in profit-sharing ratio? (a) Change of Capitals of the Firm (b) Change in Responsibilities of the partners (c) Mutual Agreement (d)Change in Profitability of a Firm	1
16	State the ratio in which the partners share profits or losses on revaluation of assets and liabilities, when there is a change in profit sharing ratio amongst existing partners. (a) Old Ratio (b) Gaining Ratio (c) New Ratio (d) Sacrificing Ratio	1
17	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): **Assertion(A):** Partners distribute profits and losses in their profit-sharing ratio and not in the ratio of their capitals. **Reason (R)**: The amount of appropriations, as per Partnership Deed are more than the amount of profit available for distribution, profit is distributed in the ratio of appropriations. In the context of above two statements, which of the following is correct? Codes: (a) (A) is correct but (R) is wrong (b) Both (A) and (R) are correct, and (R) is the correct explanation of (A) (c) (A) is wrong and (R) is correct (d) Both (A) and (R) are correct, but (R) is not the correct explanation of (A)	1

18 Ram and Shyam are partners with the capital of ₹4,00,000 and ₹2,40,000 respectively. Interest payable on capital is 10% p.a. Determine Interest on Capital for both the partners when the profit earned by the firm is ₹ 48,000. — 1

a) ₹ 40,000 and ₹ 24,000
b) ₹ 30,000 and ₹ 18,000
c) No interest will be paid
d) ₹ 32,000 and ₹ 16,000

19 Amay, Bina and Chander are partners in a firm with capital balances of ₹ 50,000, ₹ 70,000 and ₹ 80,000 respectively on 31st March, 2022. Amay decides to retire from the firm on 31st March, 2022. With the help of the information provided, calculate the amount to be paid to Amay 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. — 1

a) ₹ 88,500	**b)** ₹ 90,500
c) ₹ 65,375	**d)** ₹ 70,500

20 X, Y and Z shared profits of ₹1,50,000 in the ratio of 2:2:1. They subsequently found that the Partnership Deed was silent regarding the profit-sharing ratio. Which of the following is the necessary adjusting entry? — 1

Date	Particulars	L.F.	Dr. Amt	Cr. Amt
a)	Z's Capital A/c		20,000	
	To X's Capital A/c			10,000
	To Y's Capital A/c			10,000
b)	X's Capital A/c		10,000	
	Y's Capital A/c		10,000	
	To Z's Capital A/c			20,000
c)	Y's Capital A/c		20,000	
	To X's Capital A/c			10,000
	To Z's Capital A/c			10,000
d)	X's Capital A/c		20,000	
	To Y's Capital A/c			10,000
	To Z's Capital A/c			10,000

21 Krish, Vrish and Peter are partners sharing profits in the ratio of 3:2:1. Vrish retired from the firm. On that date the Balance Sheet of the firm was as follows: 3

Balance Sheet as on March 31, 2020

Liabilities	(₹)	Assets		(₹)
Creditors	15,000	Bank		7,600
General Reserve	12,000	Furniture		41,000
Bills Payable	12,000	Stock		9,000
Outstanding Salary	2,200	Premises		80,000
Prov. For Legal Damages	6,000	Debtors	6,000	
Capitals		Less: Provision for Doubtful Debts	400	5,600
Krish	46,000			
Vrish	30,000			
Peter	20,000			
	1,43,200			1,43,200

You are required to prepare Vrish's Capital account with the help of given information:

- Firm has made a profit on revaluation amounted to ₹18,000.
- Goodwill of the firm be valued at ₹42,000.
- ₹26,000 from Vrish's Capital account be transferred to her loan account and balance to be paid through bank; if required, necessary loan may be obtained from bank.
- New profit-sharing ratio of Krish and Peter is decided to be 5:1.

22 Fill in the missing figures in the following journal entries in the books of Sultanat Ltd. 3

Journal

Date	Particulars	l.f.	Dr.₹	Cr.₹
2020 Apr1	Assets A/c Dr. To Liabilities A/c To ____________ To Roshan Ltd. (Being business purchased.)		2,70,000	 40,000 ________ ________
2020 Apr1	____________Dr. To __________________________ To __________________________ To __________________________ (Being half of the purchase consideration paid by cheque and the balance settled by issuing ________ Equity Shares of ₹100 each at a premium of ₹10.)		1,98,000	 ________ ________ ________

23	A, B and C were in partnership sharing profits as: A 1/2, B 1/3 and C 1/6. D was admitted on the following terms: D to have 1/6th share, which he purchased entirely from A, paying ₹8,000 for the share of goodwill of this amount. A retained ₹6,000 and put the balance in the firm as additional capital. D also brought ₹50,000 as his capital into the firm. Give the necessary journal entries to give effect to this arrangement.	3
24	Aparna, Manisha and Sonia are partners sharing profits in the ratio of 3:2:1. Manisha retires and goodwill of the firm is valued at ₹1,20,000. Aparna and Sonia decided to share future in the ratio of 3:2. Pass necessary journal entry showing treatment of Goodwill. Show workings.	3
25	Pass entries in firm's Journal for the following on admission of a partner: (a)Unrecorded Investments of ₹20,000 are to be accounted. (b)Unrecorded liability towards suppliers for ₹5,000 is to be accounted. (c) An item of ₹1,600 included in Sundry Creditors is not likely to be claimed and hence should be written back.	3
26	A, B and C were partners in a firm. On 1st April, 2022 the balance in their capital accounts stood at ₹ 8,00,000, ₹ 6,00,000 and ₹ 4,00,000 respectively. As per the provisions of the partnership deed, partners were entitled to interest on capital @ 5% p.a., salary to B ₹ 3,000 per month and a commission of ₹ 12,000 to C. A's share of profit, excluding interest on capital, was guaranteed at ₹ 25,000 p.a. B's share of profit, including interest on capital but excluding salary was guaranteed at ₹ 55,000 p.a. Any deficiency arising on that account was to be met by C. The profits of the firm for the year ending 31st March, 2023 amounted to ₹ 2,16,000. Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2023.	3
27	Dinesh, Alvin and Pramod are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their Balance Sheet as at March 31, 2022 was as follows: -	4

Balance Sheet of Dinesh, Alvin and Pramod
As at 31st March, 2022

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Sundry Creditors General Reserve Bills Payable Dinesh's Capital Alvin's Capital Pramod's Capital	50,000 40,000 10,000 30,000 40,000 30,000	Debtors Fixed Assets Investments Stock Cash in Hand Deferred Revenue Expenditure Dinesh's Loan Account	15,000 67,000 40,000 25,500 36,000 14,000 2,500
	2,00,000		**2,00,000**

Dinesh died on July 1, 2022. The executors of Dinesh are entitled to: -

i. His share of goodwill. The total goodwill of the firm valued at ₹50,000.

	ii. His share of profit up to his date of death on the basis of actual sales till date of death. Sales for the year ended March 31, 2022 was ₹ 12, 00,000 and profit for the same year was ₹ 2,00,000. Sales shows a growth trend of 20% and percentage of profit earning remains the same. iii. Investments were sold at par. Half of the amount due to Dinesh was paid to his executors and for the balance, they accepted a Bills Payable. Prepare Dinesh's Capital account and Dinesh's Executors A/c.	
28	A, B and C are partners sharing profits and losses in the ratio of 3:2:1. With effect from 1st April, 2022 they agree to share profits equally. For this purpose, goodwill is to be valued at two year's purchase of the average profit of last four years which were as follows: Year ending on 31st March,2019 ₹ 50,000 (Profit) Year ending on 31st March,2020 ₹ 1,20,000 (Profit) Year ending on 31st March,2021 ₹ 1,80,000 (Profit) Year ending on 31st March,2022 ₹ 70,000 (Loss) On 1st April, 2021 a Motor Bike costing ₹ 50,000 was purchased and debited to travelling expenses account, on which depreciation is to be charged @ 20% p.a by Straight Line Method. The firm also paid an annual insurance premium of ₹ 20,000 which had already been charged to Profit and Loss Account for all the years. Journalise the transaction for goodwill along with the working notes.	4
29	Naveen retired from the firm on April 1, 2017. The amount due to him was determined at ₹90,000. It was decided to pay the due amount as follows: On the date of retirement- ₹30,000 Balance in three yearly instalments- First two instalments being of ₹26,000 each, including interest; and Balance amount as last instalment. Interest was payable @10% p.a. Prepare Naveen's Loan Account till it is finally closed. The firm closes its books on 31st March every year.	4
30	Pass necessary journal entries for the following transactions in the books of Gopal Ltd.: (i) Purchased furniture for ₹ 2,50,000 from M/s Furniture Mart. The payment to M/s Furniture Mart was made by issuing equity shares of ₹ 10 each at a premium of 25%. (ii) Purchased a running business from Aman Ltd. for a sum of ₹ 15,00,000. The payment of ₹ 12,00,000 was made by issue of fully paid equity shares of ₹ 10 each and balance by a bank draft. The assets and liabilities consisted of the following: Plant ₹ 3,50,000; Stock ₹ 4,50,000; Land and Building ₹ 6,00,000; Sundry creditors₹ 1,00,000.	6
31	The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2017, ₹ 80,000 in the ratio of 3:3:2 without providing for the following adjustments: a) Alia and Chand were entitled to a salary of ₹ 1,500 each p.a.	6

b) Bhanu was entitled for a commission of ₹ 4,000

c) Bhanu and Chand had guaranteed a minimum profit of ₹ 35,000 p.a. to Alia ,any deficiency to be borne equally by Bhanu and Chand.

Pass the necessary Journal entry for the above adjustments in the books of the firm. Show workings clearly.

32 Pradeep and Rajesh were partners in a firm sharing profits and losses in the ratio of 3:2. They decided to dissolve their partnership firm on 31st March, 2022. Pradeep was deputed to realize the assets and to pay off the liabilities. He was paid ₹ 1,000 as commission for his services. The financial position of the firm on 31st March, 2022 was as follows: 6

Balance Sheet
As at March 31, 2022

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	80,000	Building	1,20,000
Mrs. Pradeep's Loan	40,000	Investment	30,600
Rajesh's loan	24,000	Debtors 34,000	
		Less: Provision for	
		Doubtful Debts 4,000	30,000
Investment Fluctuation Fund	8,000	Bills Receivable	37,400
		Bank	6,000
Capitals:		Profit and Loss A/c	8,000
Pradeep 42,000		Goodwill	4,000
Rajesh 42,000	84,000		
	2,36,000		**2,36,000**

Following terms and conditions were agreed upon:

i. Pradeep agreed to pay off his wife's loan.
ii. Half of the debtor's realized ₹ 12,000 and remaining debtors were used to pay off 25% of the creditors.
iii. Investment sold to Rajesh for ₹ 27,000
iv. Building realized ₹ 1,52,000
v. Remaining creditors were to be paid after two months, they were paid immediately at 10% p.a. discount
vi. Bill receivables were settled at a loss of ₹ 1,400
vii. Realization expenses amounted to ₹ 2,500

Prepare Realization Account.

33 On 31st March, 2019 the balance sheet of Madan and Mohan who share profits and losses in the ratio 3:2 was as follows: — 6

BALANCE SHEET
as at 31st March 2019

Particulars	₹	Particulars	₹
Creditors	28,000	Cash at bank	10,000
General reserve	10,000	Debtors 65,000	
Employee's provident fund	22,000	Less. Provision for doubtful debts (5,000)	60,000
Capitals :		Stock	33,000
Madan 60,000		Patents	57,000
Mohan 40,000	1,00,000		
	1,60,000		1,60,000

They decided to admit Gopal on 1st April, 2019 for 1/5th share which Gopal acquired wholly from Mohan on the following terms:

(i) Gopal shall bring ₹ 10,000 as his share of premium for Goodwill.

(ii) A debtor whose dues of ₹ 3,000 were written off as bad debt paid ₹ 2,000 in full settlement.

(iii) A claim of ₹ 5,000 on account of workmen's compensation was to be provided for.

(iv) Patents were undervalued by ₹ 2,000. Stock in the books was valued 10% more than its market value.

(v) Gopal was to bring in capital equal to 20% of the combined capitals of Madan and Mohan after all adjustments.

Prepare Revaluation account and partner's capital accounts.

34 Bhavya and Sakshi are partners in a firm, sharing profits and losses in the ratio of 3:2. On 31st March, 2018 their Balance Sheet was as under: — 6

Balance Sheet of Bhavya and Sakshi
As at 31st March, 2018

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Sundry Creditors	13,800	Furniture	16,000
General Reserve	23,400	Land and Building	56,000
Investment Fluctuation Fund	20,000	Investments	30,000
Bhavya's Capital	50,000	Trade Receivables	18,500
Sakshi's Capital	40,000	Cash in Hand	26,700
	1,47,200		**1,47,200**

The partners have decided to change their profit-sharing ratio to 1: 1 with immediate effect. For the purpose, they decided that:

a. Investments to be valued at ₹ 20,000
b. Goodwill of the firm valued at ₹ 24,000
c. General Reserve not to be distributed between the partners.

You are required to pass necessary journal entries in the books of the firm. Prepare Balance Sheet of the reconstituted firm. Show workings.