ROLL NUMBER				

SET	A

INDIAN SCHOOL MUSCAT
SAMPLE PAPER
ACCOUNTANCY (CODE NO. 055)

CLASS : XII

TIME ALLOTED: 3 HRS.
MAXIMUM MARKS: 80

GENERAL INSTRUCTIONS: -

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Part - A and B are compulsory for all candidates.
4. Question 1 to 16 and 27 to 30 carries 1 mark each.
5. Questions 17 to 20, 31and 32 carries 3 marks each.
6. Questions from 21 ,22 and 33 carries 4 marks each
7. Questions from 23 to 26 and 34 carries 6 marks each
8. There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

PART-A (Accounting for Partnership Firms)

1. On account of admission, the assets are revalued, and liabilities are reassessed in: - 1
   (a) Partner's capital account
   (b) Revaluation account
   (c) Realisation account
   (d) Balance sheet

2. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below: - 1
   Assertion (A): Partners distribute profits and losses in their profit sharing ratio and not in the ratio of their capitals.
   Reason (R): If The amount of appropriations, is more than the amount of profit available for distribution, profit is distributed in the ratio of appropriations.
   (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
   (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation
   of Assertion (A).
   (c) Assertion (A) is true but Reason (R) is False
   (d) Both Assertion (A) and Reason (R) are not correct.

3. The closing capital of the partner was ₹60,000 during the year. His share of profit of is ₹25,000 and drawing was ₹12,500. Calculate the opening capital. 1
   (a) ₹ 47,500 (b) ₹ 37,500
   (c) ₹ 57,500 (d) ₹ 88,500

OR

Rights of partner consists which of the following?

(a) Right to inspect books of accounts
(b) Right to not allow the admission of new partner
(c) Right to conduct affairs of business
(d) All of the above.

4. Reserve or general reserve appearing in the balance sheet will be divided among old partners during admission in ……….. ratio. 1

(a) Gaining
(b) New
(c) Sacrifice
(d) Old

OR

Sacrificing ratio is computed?

(a) When profit sharing ratio is changed
(b) When a new partner's is admitted
(c) Both (a) and (b)
(d) When a partner leaves the firm.

5. A and B were partners in a firm sharing profit or loss in the ratio of 3 : 1. With effect from Jan. 1, 2019 they agreed to share profit or loss in the ratio of 2 : 1. Due to change in profit-loss sharing ratio, B's gain or sacrifice will be : 1

(a) Gain 1/12
(b) Sacrifice 1/12
(c) Gain 1/3
(d) Sacrifice 1/3

6. Decrease in liability at the time of retirement of partner is: - 1

(a) Debited to revaluation account
(b) Credited to revaluation account
(c) Debited to goodwill account
(d) Credited to goodwill account

OR

The ratio in which the retiring partner's share of goodwill is debited to the capital accounts of continuing partner's is

(a) Old ratio
(b) New ratio
(c) Gaining ratio
(d) Sacrificing ratio

7. At the time of death of a partner, the adjustment of goodwill is done in which ratio? 1

(a) Old profit sharing ratio
(b) Gaining ratio
(c) Sacrificing ratio
(d) New profit sharing ratio

8. On dissolution, realisation account is debited with: - 1

(a) All assets
(b) All assets to be realised
(c) All liabilities
(d) All liabilities to be paid

OR

At the time of firm's dissolution, Balance of General Reserve shown in the Balance Sheet is credited to:

(a) Realisation Account
(b) Creditor's Account
(c) Partner's Capital Account
(d) Profit & Loss Account

9. A and B are partners in a firm sharing profits and losses in the ratio of 2 : 3. C is admitted for 1/5 share in the profits of the firm. If C gets it wholly from A, the new profit sharing ratio after C's admission will be: - 1

(a) 1 : 3 : 3
(b) 3 : 1 : 1
(c) 2 : 2 : 1
(d) 1 : 3 : 1

10. Capital involved in a business is ₹2,00,000. Normal rate of return on capital employed is 15%. During the year, the firm earned a profit of ₹48,000. Calculate goodwill on the basis of 3 year's purchase of super profit: - 1

(a) ₹54,000
(b) ₹60,000
(c) ₹50,000
(d) ₹1,00,000

11. The old profit sharing ratio among A, B and C were 2:2:1. The new profit sharing ratio after B's retirement is 3:2. The gaining ratio is: - 1

(a) 3:2
(b) 2:1
(c) 1:1
(d) 5:3

12. A and B are partners in a partnership firm without any agreement. A has withdrawn ₹50,000 out of his Capital as drawings. Interest on drawings may be charged from A by the firm:- 1

(a) @5% Per Annum
(b) @ 6% Per Annum
(c) @6% Per Month
(d) No interest will be charged

13. A partner withdrew ₹4,000 per month from 1st July, 2020, at the beginning of every month. Accounts are closed at 31st march, 2021.Calculate interest on drawings while rate of interest is 10% per annum. 1

(a) ₹ 1,600
(b) ₹ 1,800
(c) ₹ 1,500
(d) ₹ 2,200

14. X, Y and Z were partners sharing profits in the ratio of 1/2 , 3/10 and 1/5. X retires. The new ratio will be :- 1

(a) 5:2
(b) 1:1
(c) 3:2
(d) 5:1

15. At the time of retirement of a partner, profit on revaluation will be credited to :- 1

(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

OR

A, B and C are partners in 3 : 4 : 2. B wants to retire from the firm. The profit on revaluation on that date was ₹36,000. New ratio of A and C is 5 : 3. Profit on revaluation will be distributed as :

(a) A ₹16,000; B ₹12,000; C ₹8,000
(b) A ₹12,000; B ₹16,000; C ₹8,000
(c) A ₹22,500; C ₹13,500
(d) A ₹23,625; C ₹12,375

16. On death of a partner, the remaining partners who have gained due to change in profit sharing ratio should compensate the:- 1

(a) Retiring partners only
(b) Remaining partners (who have sacrificed) as well as retiring partners
(c) Remaining partners only (who have sacrificed)
(d) All Partners

17. X,Y and Z were partners sharing profits and losses in the ratio of 5:3:2. They decided to share future profits and losses in the ratio of 2:3:5 with effect from 1-4-2020. They decide to record the effect of the following, without affecting their book values: - 3

(i) Profit and Loss A/c ₹24,000
(ii) Advertisement Suspense A/c ₹12,000

Pass the necessary adjustment entry.

18. P, Q and R were partners sharing profits and losses in the ratio of 3:2:1 respectively. Q died on 31st March, 2020. The profits from 1stJanuary 2020 to 31st March 2020 amounted to 4,500. P and R decided to share future profits in the ratio of 3:1 respectively with effect from 1st April 2020. Pass the journal entry to record the Q's share of profit to the date of death. 3

OR

X, Y and Z were partners sharing profits and losses in the ratio of 2:2:1. Z died on 31st March 2020. Profits and sales for calendar year 2019 were ₹2,00,000 and ₹20,00,000 respectively. Sales during January to March 2020 were ₹1,50,000. You are required to calculate share of profit of Z from January 2020 upto the date of death and pass journal entry to record the share of profit for the same.

19. The total capital of the firm of Sakshi, Mehak and Megha is ₹1,00,000 and the market rate of return is 15% The net profits for the last 3 years were ₹30,000, ₹36,000 and ₹42,000. Goodwill is to be valued at 2 years' purchase of the last 3 years' super profits. Calculate the goodwill of the firm. 3

OR

A firm earns ₹1, 20,000 as its annual profit, the normal rate of profit being 10%. Assets of thefirm are ₹ 14,40,000 (excluding goodwill) and liabilities are ₹ 4,80,000. Find the value of goodwill by capitalisation method.

20. Saloni and Shrishti were partners in a firm sharing profits in the ratio 7: 3. Their capitals were ₹2,00,000 and ₹1,50,000 respectively. They admitted Aditi on 1st April, 2020 as a new 3

partner for 1/6 th share in future profits. Aditi brought ₹ 1,00,000 as her capital. Calculate the value of goodwill of the firm and record necessary journal entries for the above transaction on Aditi's admission.

21. A, B and C are partners having fixed capital of ₹1,00,000, ₹80,000 and ₹60,000 respectively. They share profits in the ratio of 3: 1: 1. Following transactions were omitted to be recorded in the books: 4

(i) Interest on capital @ 5 % p.a.
(ii) Interest on drawings: A-₹ 600, B -₹ 600 and C-₹ 300.
(iii) Salary of A- ₹ 1,500 p.a. and C -₹ 1,000 p.a.
(iv) Net profit for the year ending 31st March, 2021 before these adjustments was ₹60,000
(v) Record adjustment entry showing the working note clearly.

22. Bobby, Chiku and Dawan are partners in a firm sharing profits in the ratio of 2: 1: 1 respectively. Firm closes its accounts on 31st March every year. Chiku died on 30th September, 2020. There was a balance of ₹1,25,000 in Chiku's Capital Account in the beginning of the year. In the event of death of any partner, the partnership deed provides for the following: - 4

(i) Interest on capital will be calculated at the rate of 6 % p.a.
(ii) The executor of deceased partner shall be paid ₹24,000 for his share of goodwill.
(iii) His share of Reserve Fund which is ₹12,000; shall be paid to his executor.
(iv) His share of profit till the date of death amounted to ₹15,000

Prepare Chiku's Capital Account to be presented to his executor.

23. P and Q were partners in a firm sharing profits in 3: 2 ratio. R was admitted as a new partner for 1 / 4th share in the profits on April 1, 2020. The Balance Sheet of the firm on March 31, 2020 was as follows: - 6

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		20,000	Cash	20,000
General Reserve		16,000	Debtors	18,000
Capitals:			Stock	20,000
P	96,000		Furniture	12,000
Q	68,000	1,64,000	Machinery	40,000
			Building	90,000
		2,00,000		2,00,000

The terms of agreement on R's admission were as follows: -

(a) R brought in cash ₹60,000 for his capital and ₹30,000 for his share of goodwill.
(b) Building was valued at ₹1,00,000 and Machinery at ₹36,000.
(c) The capital accounts of P and Q were to be adjusted in the new profit sharing ratio. Necessary cash was to be brought in or paid off to them as the case may be.

Prepare Revaluation Account and Partners' Capital Account.

OR

M and N are partners in a firm sharing profits in the ratio of 3: 1. Their Balance Sheet as on 31-3-2020 was a follows: -

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	28,000	Cash	50,000
Bills Payable	40,000	Debtors	60,000
Outstanding Salary	2,000	Stock	40,000

Capitals: M 2,00,000 N 1,30,000	 3,30,000 4,00,000	Plant Land and Building	1,00,000 1,50,000 4,00,000

On the above date, O was admitted as a partner for 1/4 th share in profits on the following terms: -

(i) O will bring ₹1,50,000 as his capital and ₹90,000 as his share of premium for goodwill for his share of profits.
(ii) Plant is to be appreciated to ₹1,30,000 and the value of land & building is to be appreciated by 5 %.
(iii) Stock is overvalued by ₹6,000.
(iv) A provision for bad and doubtful debts is to be created at 5 % on debtors.
(v) There were unrecorded creditors ₹4,500.

Pass necessary journal entries.

24. Kanika, Disha and Kabir were partners sharing profits in the ratio 2: 1: 1. On 31-3-2020, their Balance Sheet was as under: - 6

Liabilities	Amount (₹)	Assets	Amount (₹)
Trade Creditors	53,000	Bank	60,000
Employee Provident Fund	47,000	Debtors	60,000
Kanika's Capital	2,00,000	Stock	1,00,000
Disha's Capital	1,00,000	Fixed Assets	2,40,000
Kabir's Capital	80,000	Profit & Loss A/c	20,000
	4,80,000		4,80,000

Kanika retired on 1-4-2020. For this purpose, the following adjustments were agreed upon: -

(a) Goodwill of the firm was valued at 2 years' purchase of the average profits of 3 completed years preceding the date of the retirement. The profits for previous years: 2017-18 were ₹1,00,000 and for 2018-19 were ₹1,30,000.
(b) Fixed assets were to be increased to ₹3,00,000.
(c) Stock was to be valued at 120 %.
(d) The amount payable of Kanika was transferred to her loan account.

Prepare Revaluation Account and Partners' Capital of reconstituted firm.

OR

A, B and C are partners in a firm. They share profits and losses in the ratio 4: 3: 2. Their Balance Sheet as on 31st March, 2020 is as under: -

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	26,000	Cash at Bank	10,000
General Reserve	18,000	Debtors 30,000	
Workmen Compensation Fund	7,000	Less:- Provision (1,000)	29,000
		Stock	28,000
Capitals:		Machinery	30,000
A 40,000		Building	44,000
B 30,000			
C 20,000	90,000		
	1,41,000		1,41,000

On that day, C retires from the business and it is agreed to adjust the value of the assets and liabilities as under: -

(i) An amount due to a customer ₹4,000 was written off as bad debts and provision for doubtful debt on Debtors be created at 5 %.
(ii) To depreciate stock by 5 % and machinery by 10 %.
(iii) Building is revalued at ₹50,000.
(iv) Liability of a creditor for ₹4,050 is not likely to be claimed.
(v) Actual liability for workmen Compensation Fund is ₹2,500.

Give necessary journal entries to record these transactions.

25. A, B and C are partners in a firm sharing profits and losses in equal ratio. Their Balance Sheet as on 31st March, 2021 was as under: - 6

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		50,000	Goodwill	30,000
Capitals:			Land and Building	80,000
A	80,000		Plant and Machinery	56,000
B	80,000		Motor Car	54,000
C	60,000	2,20,000	Debtors	48,000
			Cash	2,000
		2,70,000		2,70,000

The firm was dissolved on that date. The assets realised:- Goodwill ₹ 20,000; Land & Building ₹ 1,00,000; Plant & Machinery ₹ 50,000; Motor Car ₹ 28,000 and Debtors 50 % of the book value. Realisation Expenses were ₹2,000. Prepare Realisation Account.

26. A, B & C are partners in a business with capitals of ₹1,00,000, ₹80,000 and ₹60,000 respectively. The partnership deed provides the following: - 6

(i) B gets a salary of ₹1,000 p.m
(ii) Interest on capital be provided @ 10% p.a.
(iii) C gets commission ₹4,000.
(iv) Interest on drawings-A ₹500, B ₹400 and C ₹300
(v) Transfer to General Reserve ₹3,000
(vi) Profits be divided in the ratio of their capital contributions.

The profit for the year ending 31st March, 2021 before taking above facts is ₹56,200.
Prepare Profit & Loss Appropriation Account for the year ending 31st March, 2021.

Part- B Analysis of Financial Statements

27. External users of financial statements are: - 1

(a) Banks
(b) Suppliers
(c) Both (a) and (b)
(d) Management

OR

Ratio analysis under financial analysis is significant as it: -

(a) Ignores qualitative factors
(b) Helps in window-dressing
(c) Does not requires any standards
(d) Helps in locating weak points of the firm

28. The immediate solvency ratio is: - 1
(a) Quick ratio
(b) Current ratio
(c) Debtors turnover ratio
(d) Stock turnover ratio

29. In cash flows, when a company invests in fixed assets and short-term financial investments results in: - 1
(a) Increased Equity
(b) Increased Liabilities
(c) Decreased Cash
(d) Increased Cash

OR

Cash flow example from a financing activity is: -
(a) Payment of Dividends
(b) Receipt of Dividend on Investment
(c) Cash Received from Customers
(d) Purchase of Fixed Asset

30. Paid ₹4,00,000 to acquire shares in R.V. Ltd and received a dividend of ₹40,000 after acquisition. These transactions will result in: - 1
(a) Cash used in investing activities ₹4,00,000
(b) Cash generated from financing activities ₹4,40,000
(c) Cash used in investing activities ₹3,60,000
(d) Cash generated from financing activities ₹3,60,000

31. Under which major headings and sub-headings will the following items be presented in the balance sheet of a company as per Schedule III, part I of the Companies Act, 2013? 3
(i) Loose tools
(ii) Trade Marks
(iii) 10 % Debentures

32. What are the objectives of ratio analysis? 3

33. Current Liabilities of a company are ₹1, 60,000. Its Liquid Ratio is 1.5: 1 and Current Ratio is 2.5:1. Calculate Quick Assets and Current Assets. 4

OR

From the following information related to Naveen Ltd., calculate (a) Return on Investment and (b) Total Assets to Debt Ratio.

Information: Fixed Assets ₹75,00,000, Current Assets ₹40,00,000; Current Liabilities ₹27,00,000, 12% Debentures ₹80,00,000 and Net Profit before Interest, and Tax ₹14,50,000.

34. From the following Balance Sheets and additional information, you are required to prepare Cash Flow Statement as per Accounting Standard-3 (Revised) 6

Particulars	**Note No.**	**2021 (₹)**	**2020 (₹)**
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a)Share Capital		45,000	30,000
(b) Reserves and Surplus		18,500	5,000
(2) Current Liabilities			

Short term borrowings	1	10,000	7,000
Trade Payables	2	10,500	8,500
Total		**84,000**	**50,500**
II. ASSETS			
(1) Non- Current Assets			
Property, Plant and Equipment and Intangible asset		58,000	27,000
(2) Current Assets			
(a) Inventories		9,000	8,000
(b) Trade Receivables		9,000	12,000
(c) Cash and Cash Equivalents		8,000	3,500
Total		**84,000**	**50,500**

Notes to the Accounts: -

Particulars	**2021 (₹)**	**2020 (₹)**
1. Short-term Borrowings		
Bank Overdraft	10,000	7,000
2. Trade Payables		
Creditors	8,500	6,000
Bills Payable	2,000	2,500
	10,500	**8,500**

Additional Information: -

(i) Income tax paid during the year was ₹3,500.

(ii) Dividend paid during the year was 10%

******END OF THE QUESTION PAPER******