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**INDIAN SCHOOL MUSCAT  
HALF YEARLY EXAMINATION 2023  
ACCOUNTANCY (055)**



CLASS : XII  
DATE: 24-09-2023

TIME ALLOTTED : 3 HRS.  
MAXIMUM MARKS: 80

**GENERAL INSTRUCTIONS:**

1. This question paper contains 34 questions. All questions are compulsory.
2. Question Nos.1 to 20 carries 1 mark each.
3. Questions Nos. 21 to 26 carries 3 marks each.
4. Questions Nos. from 27 to 29 carries 4 marks each.
5. Questions Nos. from 30 to 34 carries 6 marks each.
6. There is no overall choice.
7. 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.

1. Which of the following is true regarding Salary to a partner when the firm maintains fluctuating capital accounts? 1
- (a) Debit Partner's Loan A/c and Credit Profit & Loss Appropriation A/c.
  - (b) Debit Profit & Loss A/c and Credit Partner's Capital A/c.
  - (c) Debit Profit & Loss Appropriation A/c and Credit Partner's Current A/c.
  - (d) Debit Profit & Loss Appropriation A/c and Credit Partner's Capital A/c.

OR

In the absence of partnership deed, a partner is entitled to an interest on the amount of additional capital advanced by him to the firm at a rate of:

- (a) Not entitled for any interest on their additional capitals.
  - (b) Entitled for 6% p.a. on their additional capital, only when there are profits.
  - (c) Entitled for 10% p.a. on their additional capital
  - (d) Entitled for 12% p.a. on their additional capital
2. Assertion (A): Maxwell, 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. 1

Reasoning (R): 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.

3. A and B are partners. B draws a fixed amount at the end 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: 1
- (a) ₹24,000 per quarter. (b) ₹40,000 per quarter  
(c) ₹30,000 per quarter (d) ₹80,000 per quarter

OR

Shyam, Gopal & Arjun are partners carrying on garment business. Shyam withdrew ₹ 10,000 in the beginning of each quarter. Gopal, withdrew garments amounting to ₹ 15,000 to distribute it to flood victims, and Arjun withdrew ₹ 20,000 from his capital account. The partnership deed provides for interest on drawings @ 10% p.a. The interest on drawing charged from Shyam, Gopal & Arjun at the end of the year will be

- (a) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000.  
(b) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000.  
(c) Shyam- ₹ 2,500; Gopal- ₹ 750; Arjun- Nil.  
(d) Shyam- ₹ 4,800; Gopal- Nil; Arjun- Nil.

4. If average capital employed in a firm is ₹8,00,000, average of actual profits is ₹1,80,000 and normal rate of return is 10%, then value of goodwill as per capitalization of average profits is: 1
- (a) ₹10,00,000 (b) ₹18,00,000  
(c) ₹80,00,000 (d) ₹78,20,000

OR

A firm earns profit of ₹ 1,10,000. Normal Rate of Return is 10%. Assets of the firm are ₹ 11,00,000 and Liabilities ₹ 1,00,000. Value of goodwill by Capitalisation of Average Profit Method is

- (a) ₹ 2,00,000 (b) ₹ 10,000  
(c) ₹ 5,000 (d) ₹ 1,00,000

5. Capital employed by a partnership firm is ₹ 5,00,000. Its average profit is ₹ 60,000. The normal rate of return in similar type of business is 10%. The amount of Super Profit is: 1
- (a) ₹ 50,000 (b) ₹ 10,000  
(c) ₹ 6,000 (d) ₹ 56,000

6. Gain / loss on revaluation at the time of change in profit sharing ratio of existing partners is shared by \_\_\_\_ (i) \_\_\_\_ whereas in case of admission of a partner it is shared by \_\_\_\_ (ii) \_\_\_\_\_. 1
- (a) (i) Remaining Partners, (ii) All Partners.  
(b) (i) All Partners, (ii) Old Partners.  
(c) (i) New Partner, (ii) All Partner.  
(d) (i) Sacrificing Partner, (ii) Incoming Partner.

7. A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 01.04.2023, they agreed to share profits and losses equally. Due to change in the profit sharing ratio, B's gain or sacrifice will be 1
- (a) Gain  $\frac{1}{30}$  (b) Sacrifice  $\frac{1}{30}$   
(c) Gain  $\frac{5}{30}$  (d) Sacrifice  $\frac{4}{30}$

OR

Due to change in profit sharing ratio, X's sacrifice is  $\frac{3}{10}$ , while Z's gain is  $\frac{3}{10}$ . They decide to record the effect of the following without affecting the book figures, by passing an adjustment entry

General Reserve	₹ 35,000
Profit and Loss (Cr.)	₹ 15,000

Advertisement Suspense A/c (Dr.) ₹ 20,000

The necessary adjustment entry will be

(a) Dr. Z and Cr. X by ₹ 9,000

(b) Dr. X and Cr. Y by ₹ 9,000

(c) Dr. X and Cr. Y by ₹ 18,000

(d) Dr. Y and Cr. X by ₹ 9,000

8. Assertion (A): General Reserve is not distributed among the old partners but carried forward in the Balance Sheet prepared after admission of a partner. 1

Reason (R): General Reserve is set aside out of past profits and therefore, it is distributed among old partners in their old profit sharing ratio.

In the context of the above two statements, which of the following is correct?

(a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A)

(b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)

(c) Assertion (A) is correct but the Reason (R) is not correct.

(d) Assertion (A) is not correct but the Reason (R) is correct.

9. Mona and Tina were partners in a firm sharing profits in the ratio 3:2. Naina was admitted with  $\frac{1}{6}$ th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 32,000. The claim on account of Workmen's Compensation was determined at ₹ 40,000. Excess of claim over the reserve will be 1

(a) Credited to Revaluation Account

(b) Debited to Revaluation Account

(c) Credited to Old Partners' Capital Account

(d) Debited to Old Partners' Capital Account

OR

Anne and Charu were partners in a firm. Their Balance Sheet showed Furniture at ₹2,00,000; Stock at ₹1,40,000; Debtors at ₹1,62,000 and Creditors at ₹60,000. Samir was admitted and new profit-sharing ratio was agreed at 2:3:5. Stock was revalued at ₹1,00,000, Creditors of ₹15,000 are not likely to be claimed, Debtors for ₹2,000 have become irrecoverable and Provision for doubtful debts to be provided @ 10%.

Anne's share in loss on revaluation amounted to ₹30,000. Revalued value of Furniture will be:

(a) ₹2,17,000

(b) ₹1,03,000

(c) ₹3,03,000

(d) ₹1,83,000

10. Ganga and Jamuna are partners sharing profits in the ratio of 2:1. They admit Saraswati for  $\frac{1}{5}$ th share in future profits. On the date of admission, Ganga's capital was ₹ 1,02,000 and Jamuna's capital was ₹ 73,000. Saraswati brings ₹ 25,000 as her share of goodwill and she agrees to contribute proportionate capital of the new firm. How much capital will be brought by Saraswati? 1

(a) ₹ 43,750

(b) ₹ 37,500

(c) ₹ 50,000

(d) ₹ 40,000

11. G, S and T were partners sharing profits in the ratio 3:2:1. G retired and his dues towards the firm including Capital balance, Accumulated profits and losses share, Revaluation Gain amounted to ₹ 5,80,000. G was being paid ₹ 7,00,000 in full settlement. For giving that 1

additional amount of ₹ 1,20,000, S was debited for ₹ 40,000. Determine goodwill of the firm.

- (a) ₹ 1,20,000 (b) ₹ 80,000  
(c) ₹ 2,40,000 (d) ₹ 3,60,000

12. 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

13. At the time of retirement of Mohan, stock is given as ₹ 60,000 in the Balance Sheet of the firm. If stock is undervalued by ₹ 10,000, the journal entry passed for the above is: 1

(a)	Revaluation A/c Dr.	10,000	
	To Stock A/c		10,000
(b)	Stock A/c Dr.	10,000	
	To Revaluation A/c		10,000
(c)	Stock A/c Dr.	50,000	
	To Revaluation A/c		50,000
(d)	Revaluation A/c Dr.	50,000	
	To Stock A/c		50,000

14. Amit, Sudhir and Aman were partners sharing profits in the ratio of 3:2:1. Sudhir dies on 30<sup>th</sup> June, 2020. Journal Entry passed for Sudhir's share of profit from the beginning of the year up to the date of death will be: 1
- (a) Profit and Loss A/c Dr. (b) Sudhir's Capital A/c Dr.  
To Sudhir's Capital A/c To Profit and Loss A/c
- (c) Sudhir's Capital A/c Dr. (d) Profit and Loss Suspense A/c Dr.  
To Profit and Loss Suspense A/c To Sudhir's Capital A/c

15. Lisa, Mona and Nisha are partners in a firm, sharing profits in the ratio of 2:2:1. Their Capital Accounts stood as ₹ 50,000, ₹ 50,000 and ₹ 25,000 respectively. Mona died, and the balance in the reserve on that date was ₹ 15,000. If goodwill of the firm is ₹ 30,000 and profit on revaluation is ₹ 7,050, what amount will be transferred to Mona's Executor's Account? 1
- (a) ₹ 50,820 (b) ₹ 70,820  
(c) ₹ 8,820 (d) ₹ 60,820

OR

Loan by the deceased partner to the firm is transferred to:

- (a) The debit of his Current Account  
(b) The credit of his Capital Account  
(c) The debit of Remaining Partners' Capital Account  
(d) The credit of Remaining Partners' Capital Account
16. A, B and C are partners sharing profits and losses in the ratio of 2:2:1. B died, at that time goodwill of the firm was valued at ₹ 30,000. What contribution has to be made by A and C in order to pay B's Executors? 1
- (a) ₹ 20,000 and ₹ 10,000 (b) ₹ 15,000 and ₹ 15,000  
(c) ₹ 8,000 and ₹ 4,000 (d) ₹ 6,000 and ₹ 6,000

17. At the time of dissolution of a firm, Creditors are ₹ 70,000; Firm's Capital is ₹ 1,20,000; Cash Balance is ₹ 10,000. Other assets realised ₹ 1,50,000. Gain/Loss in the realisation account will be: 1
- (a) ₹ 30,000 (Gain) (b) ₹ 40,000 (Gain)  
(c) ₹ 40,000 (Loss) (d) ₹ 30,000 (Loss)

18. On the day of dissolution of the firm 'Roop Brothers' had Partner's Capital amounting to ₹1,50,000, External Liabilities ₹35,000, Cash balance ₹8,000 and Profit and Loss A/c (Dr.) ₹7,000. If Realisation Expense and Loss on Realisation amounted to ₹ 5,000 and ₹ 25,000 respectively, the amount realised by sale of assets is: 1
- (a) ₹1,64,000 (b) ₹1,45,000  
(c) ₹1,57,000 (d) ₹1,50,000
- OR

On dissolution of a firm, an unrecorded furniture of ₹ 5,000 was taken by a partner for ₹ 4,300 against payment. Which Account will be credited and by how much amount?

- (a) Cash Account by ₹ 4,300 (b) Realisation Account by ₹ 700  
(c) Partner's Capital Account by ₹ 5,000 (d) Realisation Account by ₹ 4,300

Question no.s 19 and 20 are based on the hypothetical situation given below.

On 1<sup>st</sup> October, 2020, fifty members of a society started the partnership firm in the name of "Be Healthy" for selling masks. All the members have good relations so they do not have any partnership agreement. All of them agreed to invest ₹ 36,000 each as capital. Mohan (a partner) gave a loan of ₹ 1,00,000 on 1<sup>st</sup> January, 2021. The net profit for the year ended 31<sup>st</sup> March, 2021 was ₹ 2,16,000 before providing any interest.

19. Calculate the amount of profit to be transferred to Profit and Loss Appropriation Account 1
- (a) Profit 2,16,000 (b) Profit 2,13,000  
(c) Profit 2,14,500 (d) Profit 2,10,500
20. On 1<sup>st</sup> December, 2020 one of the partner introduced additional capital of 50,000 and also advanced a loan of 1,00,000 to the firm. Interest received by the partner for the current accounting period will be 1
- (a) ₹ 1,250 (b) ₹ 2,000  
(c) ₹ 1,500 (d) ₹ 1,800

21. A and B are partners. During the year ended 31<sup>st</sup> March, 2023, each of the partners withdrew ₹ 10,000 regularly. A withdrew in the beginning of 6 months of the year and B withdrew in the middle of the month for the first 6 months of the year. Calculate interest on drawings charged for A and B @ 6% p.a. for the year ended 31<sup>st</sup> March, 2023. 3

OR

From the following Balance Sheet of Lal and Pal, calculate interest on capital @ 8% p.a. of the partners for the year ended 31<sup>st</sup> March, 2023.

Balance Sheet as at 31<sup>st</sup> March, 2023

Liabilities	₹	Assets	₹
Lal's Capital A/c	1,20,000	Fixed Assets	3,00,000
Pal's Capital A/c	1,40,000	Other Assets	60,000
General Reserve	1,00,000		
	3,60,000		3,60,000

During the year, Lal withdrew ₹ 40,000 and Pal withdrew ₹ 50,000. Profit for the year was ₹ 1,50,000 out of which ₹ 1,00,000 was transferred to General Reserve.

22. Average net profit expected in future by XYZ firm is ₹ 36,000. Average capital employed in the business by the firm is ₹ 2,00,000. The normal rate of return from capital invested in this class of business is 10%. Remuneration of the partners is estimated to be ₹ 6,000 p.a. Calculate the value of goodwill on the basis of two years' purchase of super profit. 3

OR

Madhu and Vidhi are partners sharing profits in the ratio of 3:2. They decided to admit Manu as a partner from 1st April 2023 on the following terms:

(i) Manu will be given a  $\frac{2}{5}$ th share of the profit.

(ii) Goodwill of the firm will be valued at two years' purchase of three years' normal average profit of the firm.

Profits of the previous three years ended 31st March were:

2023 - Profit 30,000 (after debiting loss of stock by fire 40,000).

2022 - Loss 80,000 (includes voluntary retirement compensation paid 1,10,000).

2021 - Profit 1,10,000 (including a gain (profit) of 30,000 on the sale of fixed assets).

Calculate the value of goodwill.

23. Sita and Geeta are partners in a firm sharing profits in the ratio of 3:2. They had given loan to the firm of ₹ 30,000 in their profit sharing ratio on 1st October, 2022. The Partnership Deed is silent on interest on loans from partners. Compute interest payable by the firm to the partners, assuming the firm closes its book every year on 31st March. 3

24. Hemant and Nishant are partners in a firm sharing profits in the ratio of 3:2. Their capitals were ₹ 1,60,000 and ₹ 1,00,000 respectively. They admitted Somesh on 1st April 2023 as a new partner for  $\frac{1}{5}$ th share in the future profits. Somesh brought ₹ 1,20,000 as his capital. Calculate the value of Goodwill of the firm and record necessary journal entries for the above transactions on Somesh's admission. 3

25. Amit, Sumit and Jatin were sharing profits and losses in the ratio of 5:3:2. Jatin retired and Amit and Sumit decided to continue the firm sharing profits and losses equally after Jatin's retirement. They decided to record the effect of the following revaluations without affecting the book values of the assets and liabilities by passing an Adjustment Entry. 3

	Book Values ₹	Revised Values ₹
Land and Building	5,00,000	5,50,000
Plant and Machinery	2,50,000	2,40,000
Sundry Creditors	60,000	55,000
Outstanding Expenses	60,000	75,000

Pass necessary adjustment entry.

26. Nitin, Tarun and Amar are partners sharing profits equally and decide to share profits in the ratio of 2:2:1 with effect from 1st April, 2023. The extract of their Balance Sheet as at 31st March, 2023 is as follows: 3

Liabilities	₹	Assets	₹
Investment Fluctuation Reserve	60,000	Investment (at Cost)	4,00,000

Pass journal entries in the following situations:

(i) When its Market Value is not given.

(ii) When its Market Value is ₹ 4,24,000.

27. Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of ₹ 2,00,000. The firm incurred a loss of ₹ 22,00,000 for the year ended 31st March, 2022. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account. 4

OR

The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2022, ₹ 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 per month.

(b) Bhanu was entitled for a salary of ₹ 4,000 p.a.

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

28. Danish, Ana and Pranav are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their books are closed on March 31st every year. Danish died on September 30th, 2022, The executors of Danish are entitled to: 4

(i) His share of Capital i.e. ₹ 5,00,000 along-with his share of goodwill. The total goodwill of the firm was valued at ₹ 60,000.

(ii) His share of profit up to his date of death on the basis of sales till date of death. Sales for the year ended March 31, 2022 was ₹ 2,00,000 and profit for the same year was 10% on sales. Sales shows a growth trend of 20% and percentage of profit earning is reduced by 1%.

(iii) Amount payable to Danish was transferred to his executors.

Pass necessary Journal Entries and show the workings clearly.

29. X, Y and Z were in partnership sharing profits and losses equally. Y retired from the firm. After adjustments, his Capital Account shows a credit balance of ₹ 75,000 as on 1<sup>st</sup> April, 2020. Y was paid ₹ 15,000 immediately on retirement and the balance amount to be paid in three equal annual instalment along with interest @ 5% p.a. Pass the journal entry and prepare Y's Loan Account until he is paid the entire amount due to him. The firm closes its books on 31<sup>st</sup> March every year. 4

30. X and Y were partners in the profit-sharing ratio of 3: 2. Their balance sheet as at March 31, 2022 was as follows: 6

Liabilities	₹	Assets	₹
Creditors	56,000	Plant and Machinery	70,000
General Reserve	14,000	Buildings	98,000
Capital Accounts:		Stock	21,000
X 1,19,000		Debtors 42,000	
Y 1,12,000	2,31,000	(-)Provision 7,000	35,000
		Cash in Hand	77,000
	3,01,000		3,01,000

Z was admitted for 1/6th share on the following terms:

(i) Z will bring ₹ 56,000 as his share of capital, but was not able to bring any amount to compensate the sacrificing partners.

(ii) Goodwill of the firm is valued at ₹ 84,000.

(iii) Plant and Machinery were found to be undervalued by ₹ 14,000 Building was brought up to ₹ 1,09,000.

(iv) All debtors are good.

(v) Capitals of X and Y will be adjusted on the basis of Z's share and adjustments will be done by opening necessary current accounts. You are required to prepare Revaluation Account and Partners' Capital Account.

OR

Rajinder and Vijay were partners in a firm sharing profits in the ratio 3:2. On 31st March 2023 their

Liabilities	₹	Assets	₹
Capital A/cs:		Fixed Assets (Tangible)	3,60,000
Rajinder 3,00,000		Goodwill	50,000
Vijay 1,50,000	4,50,000	Investments	40,000
Current A/cs:		Stock	74,000
Rajinder 50,000		Debtors 1,00,000	
Vijay 10,000	60,000	Less: Provision for Doubtful	
Creditors	75,000	Debts 4,000	96,000
General Reserve	60,000	Bank	25,000
	6,45,000		6,45,000

With an aim to expand business it is decided to admit Ranvijay as a partner on 1st April 2023 on the following terms:

- Provision for doubtful debts is to be increased to 6% of debtors.
- An outstanding bill for repairs ₹ 50,000 to be accounted in the books
- An unaccounted interest accrued of ₹ 7500 be provided for.
- Investment were sold at book value.
- Half of stock was taken by Rajinder at ₹42,000 and remaining stock was also to be revalued at the same rate.
- New profit-sharing ratio of partners will be 5:3:2.
- Ranvijay will bring ₹ 1,00,000 as capital and his share of goodwill which was valued at twice the average profit of the last three years ended 31st March 2023, 2022 and 2021 were ₹ 1,50,000, ₹ 1,30,000 and ₹ 1,70,000 respectively.

Pass necessary journal entries.

- Amit, Binita and Charu are three partners. On 1st April, 2022, their Capitals stood as: Amit ₹ 1,00,000; Binita ₹ 2,00,000 and Charu ₹ 3,00,000. It was decided that:
  - they would receive interest on Capital @ 5% p.a.,
  - Amit would get a salary of ₹ 10,000 per month,
  - Binita would receive commission @ 5% of net profit after deduction of commission, and
  - 10% of the net profit would be transferred to the General Reserve.
 Before the above items were taken into account, the profit for the year ended 31st March, 2023 was ₹ 5,00,000. Prepare Profit and Loss Appropriation Account.
- X, Y and Z were in partnership sharing profits in proportion to their capitals. Their Balance Sheet as on 31st March, 2018 was as follows:

Liabilities	₹	Assets	₹
Sundry Creditors	16,600	Cash	15,000
Workmen Compensation Fund	9,000	Debtors 21,000	
General Reserve	6,000	Less: Provision for Doubtful	
Capitals :		Debts 1,400	19,600
X 90,000		Stock	19,000
		Machinery	58,000



Y	60,000		Building	1,00,000
Z	30,000	1,80,000		
		2,11,600		2,11,600

On the above date, Y retired owing to ill health. The following adjustments were agreed upon for calculation of amount due to Y.

- Provision for Doubtful Debts to be increased to 10% of Debtors.
- Goodwill of the firm be valued at ₹ 36,000 and be adjusted into the Capital Accounts of X and Z, who will share profits in future in the ratio of 3:1.
- Included in the value of Sundry Creditors was ₹ 2,500 for an outstanding legal claim, which will not arise.
- X and Z also decided that the total capital of the new firm will be ₹ 1,20,000 in their profit sharing ratio. Actual cash to be brought in or to be paid off as the case may be.
- Gain on revaluation of assets and reassessment of liabilities is ₹ 1,800.
- Y to be paid ₹ 9,000 immediately and balance to be transferred to his Loan Account. Prepare Partner's Capital Accounts and Balance Sheet of the new firm after Y's retirement.

33. Trisha, Anisha and Rishika were partners in a firm sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet as at 31<sup>st</sup> March, 2022 was as follows: 6

Liabilities	₹	Assets	₹
Capitals:		Plant and Machinery	5,00,000
Trisha 3,00,000		Stock	1,00,000
Anisha 2,00,000		Debtors	60,000
Rishika 1,00,000	6,00,000	Cash at Bank	40,000
General Reserve	50,000		
Creditors	50,000		
	7,00,000		7,00,000

Trisha died on 31<sup>st</sup> July, 2022. According to the Partnership Deed, the executors of the deceased partner were entitled to:

- Balance in Partner's Capital Account.
- Salary @ ₹ 15,000 per quarter.
- Share of Goodwill calculated on the basis of twice the average of past three year's profits.
- Share of profits from the closure of the last accounting year till the date of death on the basis of last year's profit. Profit for 2019-20, 2020-21 and 2021-22 were ₹ 1,00,000, ₹ 2,00,000 and ₹ 1,50,000 respectively.
- Trisha withdrew ₹ 20,000 on 1<sup>st</sup> May, 2022 for her personal use.

Showing all your working clearly, prepare Trisha's Capital Account to be rendered to her executors.

34. X, Y and Z were sharing profits in the ratio of 3:2:1 decided to dissolve the firm on 31<sup>st</sup> March, 2023 when their Balance Sheet was as follows: 6

Liabilities	₹	Assets	₹
Creditors	34,000	Cash	25,000
X 1,20,000		Debtors	62,000
Y 90,000		Stock	37,000
Z 60,000	2,70,000	Tools	8,000
		Cars	12,000
		Computers	60,000

		Building	1,00,000
	3,04,000		3,04,000

Following transactions took place at the time of dissolution:

- (i) Assets realized are: Tools ₹ 5,000; Computers ₹ 82,000; Building ₹ 84,000; Car ₹ 25,000; Goodwill ₹ 60,000; Debtors ₹ 59,000.
- (ii) Creditors accepted Stock in settlement of their dues. There was an unrecorded asset valued at ₹ 3,000, which was taken by X for ₹ 2,000.
- (iii) There was an old furniture which had been written off from the books. Y agreed to take it at ₹ 8,000.
- (iv) Firm had to pay ₹ 8,000 for outstanding salary which were not provided earlier.

Prepare Realisation Account.

OR

Madhav, Madhusudan and Mukund were partners in Jaganath Associates. They decided to dissolve the firm on 31st March 2021. Pass necessary journal entries for the following transactions after various assets (other than cash) and third-party liabilities have been transferred to realization account:

- (i) Old machine fully written off was sold for ₹ 42,000 while a payment of ₹ 6,000 is made to bank for a bill discounted being dishonoured.
- (ii) Madhusudan accepted an unrecorded asset of ₹80,000 at ₹75,000 and the balance through cheque, against the payment of his loan to the firm of ₹1,00,000.
- (iii) Stock of book value of ₹30,000 was taken by Madhav, Madhusudan and Mukund in their profit sharing ratio.
- (iv) The firm had paid realization expenses amounting to ₹5,000 on behalf of Mukund.
- (v) There was a vehicle loan of ₹ 2,00,000 which was paid by surrender of asset to the bank at an agreed value of ₹ 1,40,000 and the shortfall was met from firm's bank account.

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



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**INDIAN SCHOOL MUSCAT  
HALF YEARLY EXAMINATION 2023  
ACCOUNTANCY (055)**



CLASS : XII  
DATE: 24-09-2023

TIME ALLOTTED : 3 HRS.  
MAXIMUM MARKS: 80

**GENERAL INSTRUCTIONS:**

1. This question paper contains 34 questions. All questions are compulsory.
2. Question Nos.1 to 20 carries 1 mark each.
3. Questions Nos. 21 to 26 carries 3 marks each.
4. Questions Nos. from 27 to 29 carries 4 marks each.
5. Questions Nos. from 30 to 34 carries 6 marks each.
6. There is no overall choice.
7. 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.

1. A and B are partners. B draws a fixed amount at the end 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 |

OR

Shyam, Gopal & Arjun are partners carrying on garment business. Shyam withdrew ₹ 10,000 in the beginning of each quarter. Gopal, withdrew garments amounting to ₹ 15,000 to distribute it to flood victims, and Arjun withdrew ₹ 20,000 from his capital account. The partnership deed provides for interest on drawings @ 10% p.a. The interest on drawing charged from Shyam, Gopal & Arjun at the end of the year will be

- (a) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000.
- (b) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000.
- (c) Shyam- ₹ 2,500; Gopal- ₹ 750; Arjun- Nil.
- (d) Shyam- ₹ 4,800; Gopal- Nil; Arjun- Nil.

2. Which of the following is true regarding Salary to a partner when the firm maintains fluctuating capital accounts?

- (a) Debit Partner's Loan A/c and Credit Profit & Loss Appropriation A/c.
- (b) Debit Profit & Loss A/c and Credit Partner's Capital A/c.
- (c) Debit Profit & Loss Appropriation A/c and Credit Partner's Current A/c.
- (d) Debit Profit & Loss Appropriation A/c and Credit Partner's Capital A/c.

OR

In the absence of partnership deed, a partner is entitled to an interest on the amount of additional capital advanced by him to the firm at a rate of:

- (a) Not entitled for any interest on their additional capitals.

- (b) Entitled for 6% p.a. on their additional capital, only when there are profits.
- (c) Entitled for 10% p.a. on their additional capital
- (d) Entitled for 12% p.a. on their additional capital

3. Assertion (A): Maxwell, 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. 1

Reasoning (R): 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.

4. A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 01.04.2023, they agreed to share profits and losses equally. Due to change in the profit sharing ratio, B's gain or sacrifice will be 1
- (a) Gain 1/30
  - (b) Sacrifice 1/30
  - (c) Gain 5/30
  - (d) Sacrifice 4/30

OR

Due to change in profit sharing ratio, X's sacrifice is 3/10, while Z's gain is 3/10. They decide to record the effect of the following without affecting the book figures, by passing an adjustment entry

General Reserve	₹ 35,000
Profit and Loss (Cr.)	₹ 15,000
Advertisement Suspense A/c (Dr.)	₹ 20,000

The necessary adjustment entry will be

- (a) Dr. Z and Cr. X by ₹ 9,000
- (b) Dr. X and Cr. Y by ₹ 9,000
- (c) Dr. X and Cr. Y by ₹ 18,000
- (d) Dr. Y and Cr. X by ₹ 9,000

5. Capital employed by a partnership firm is ₹ 10,00,000. Its average profit is ₹ 1,20,000. The normal rate of return in similar type of business is 10%. The amount of Super Profit is: 1
- (a) ₹ 20,000
  - (b) ₹ 1,00,000
  - (c) ₹ 12,000
  - (d) ₹ 1,12,000

6. If average capital employed in a firm is ₹8,00,000, average of actual profits is ₹1,80,000 and normal rate of return is 10%, then value of goodwill as per capitalization of average profits is: 1
- (a) ₹10,00,000
  - (b) ₹18,00,000
  - (c) ₹80,00,000
  - (d) ₹78,20,000

OR

A firm earns profit of ₹ 1,10,000. Normal Rate of Return is 10%. Assets of the firm are ₹ 11,00,000 and Liabilities ₹ 1,00,000. Value of goodwill by Capitalisation of Average Profit Method is

- (a) ₹ 2,00,000
- (b) ₹ 10,000
- (c) ₹ 5,000
- (d) ₹ 1,00,000

7. Gain / loss on revaluation at the time of change in profit sharing ratio of existing partners is shared by \_\_\_\_ (i) \_\_\_\_ whereas in case of admission of a partner it is shared by \_\_\_\_ (ii) \_\_\_\_ . 1  
 (a) (i) Remaining Partners, (ii) All Partners.  
 (b) (i) All Partners, (ii) Old Partners.  
 (c) (i) New Partner, (ii) All Partner.  
 (d) (i) Sacrificing Partner, (ii) Incoming Partner.
8. 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
9. Assertion (A): General Reserve is not distributed among the old partners but carried forward in the Balance Sheet prepared after admission of a partner. 1  
 Reason (R): General Reserve is set aside out of past profits and therefore, it is distributed among old partners in their old profit sharing ratio.  
 In the context of the above two statements, which of the following is correct?  
 (a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A)  
 (b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)  
 (c) Assertion (A) is correct but the Reason (R) is not correct.  
 (d) Assertion (A) is not correct but the Reason (R) is correct.
10. X and Z were partners in a firm with capitals of ₹ 45,000 each. They admitted Y as a new partner for  $\frac{1}{3}$ <sup>rd</sup> share in the profits of the firm. Y brought ₹ 60,000 as his capital. Based on Y's share in the profits of the firm and his capital contribution, the goodwill of the firm will be: 1  
 (a) ₹ 1,80,000 (b) ₹ 1,50,000  
 (c) ₹ 30,000 (d) ₹ 90,000
11. Mona and Tina were partners in a firm sharing profits in the ratio 3:2. Naina was admitted with  $\frac{1}{6}$ <sup>th</sup> share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 32,000. The claim on account of Workmen's Compensation was determined at ₹ 40,000. Excess of claim over the reserve will be 1  
 (a) Credited to Revaluation Account  
 (b) Debited to Revaluation Account  
 (c) Credited to Old Partners' Capital Account  
 (d) Debited to Old Partners' Capital Account

OR

Anne and Charu were partners in a firm. Their Balance Sheet showed Furniture at ₹2,00,000; Stock at ₹1,40,000; Debtors at ₹1,62,000 and Creditors at ₹60,000. Samir was admitted and new profit-sharing ratio was agreed at 2:3:5. Stock was revalued at ₹1,00,000, Creditors of ₹15,000 are not likely to be claimed, Debtors for ₹2,000 have become irrecoverable and Provision for doubtful debts to be provided @ 10%.

Anne's share in loss on revaluation amounted to ₹30,000. Revalued value of Furniture will be:

- (a) ₹2,17,000 (b) ₹1,03,000  
(c) ₹3,03,000 (d) ₹1,83,000

12. G, S and T were partners sharing profits in the ratio 3:2:1. G retired and his dues towards the firm including Capital balance, Accumulated profits and losses share, Revaluation Gain amounted to ₹ 5,80,000. G was being paid ₹ 7,00,000 in full settlement. For giving that additional amount of ₹ 1,20,000, S was debited for ₹ 40,000. Determine goodwill of the firm. 1  
(a) ₹ 1,20,000 (b) ₹80,000  
(c) ₹2,40,000 (d) ₹ 3,60,000

13. On the day of dissolution of the firm 'Roop Brothers' had Partner's Capital amounting to ₹1,50,000, External Liabilities ₹35,000, Cash balance ₹8,000 and Profit and Loss A/c (Dr.) ₹7,000. If Realisation Expense and Loss on Realisation amounted to ₹ 5,000 and ₹ 25,000 respectively, the amount realised by sale of assets is: 1  
(a) ₹1,64,000 (b) ₹1,45,000  
(c) ₹1,57,000 (d) ₹1,50,000  
OR

On dissolution of a firm, an unrecorded furniture of ₹ 5,000 was taken by a partner for ₹ 4,300 against payment. Which Account will be credited and by how much amount?

- (a) Cash Account by ₹ 4,300 (b) Realisation Account by ₹ 700  
(c) Partner's Capital Account by ₹ 5,000 (d) Realisation Account by ₹ 4,300
14. At the time of retirement of Mohan, stock is given as ₹ 60,000 in the Balance Sheet of the firm. 1  
If stock is undervalued by ₹ 10,000, the journal entry passed for the above is:

(a)	Revaluation A/c Dr.	10,000	
	To Stock A/c		10,000
(b)	Stock A/c Dr.	10,000	
	To Revaluation A/c		10,000
(c)	Stock A/c Dr.	50,000	
	To Revaluation A/c		50,000
(d)	Revaluation A/c Dr.	50,000	
	To Stock A/c		50,000

15. Amit, Sudhir and Aman were partners sharing profits in the ratio of 3:2:1. Sudhir dies on 30<sup>th</sup> June, 2020. Journal Entry passed for Sudhir's share of profit from the beginning of the year up to the date of death will be: 1  
(a) Profit and Loss A/c Dr. (b) Sudhir's Capital A/c Dr.  
To Sudhir's Capital A/c To Profit and Loss A/c  
(c) Sudhir's Capital A/c Dr. (d) Profit and Loss Suspense A/c Dr.  
To Profit and Loss Suspense A/c To Sudhir's Capital A/c

16. Lisa, Mona and Nisha are partners in a firm, sharing profits in the ratio of 2:2:1. Their Capital Accounts stood as ₹ 50,000, ₹ 50,000 and ₹ 25,000 respectively. Mona died, and the balance in the reserve on that date was ₹ 15,000. If goodwill of the firm is ₹ 30,000 and profit on revaluation is ₹ 7,050, what amount will be transferred to Mona's Executor's Account? 1  
(a) ₹ 50,820 (b) ₹ 70,820  
(c) ₹ 8,820 (d) ₹ 60,820  
OR

Loan by the deceased partner to the firm is transferred to:

- (a) The debit of his Current Account
- (b) The credit of his Capital Account
- (c) The debit of Remaining Partners' Capital Account
- (d) The credit of Remaining Partners' Capital Account

17. On the dissolution of a partnership firm there existed a balance of ₹ 45,000 in Sundry Debtors Account and a balance of ₹ 8,000 in Provision for Bad Debts Account in the books of the firm. The amount by which Realisation Account will be debited for closing Sundry Debtors Account will be: 1
- (a) ₹ 45,000 (b) ₹ 37,000  
(c) ₹ 8,000 (d) ₹ 53,000
18. A, B and C are partners sharing profits and losses in the ratio of 2:2:1. B died, at that time goodwill of the firm was valued at ₹ 30,000. What contribution has to be made by A and C in order to pay B's Executors? 1
- (a) ₹ 20,000 and ₹ 10,000 (b) ₹ 15,000 and ₹ 15,000  
(c) ₹ 8,000 and ₹ 4,000 (d) ₹ 6,000 and ₹ 6,000

Question no.s 19 and 20 are based on the hypothetical situation given below.

On 1<sup>st</sup> October, 2020, fifty members of a society started the partnership firm in the name of "Be Healthy" for selling masks. All the members have good relations so they do not have any partnership agreement. All of them agreed to invest ₹ 36,000 each as capital. Mohan (a partner) gave a loan of ₹ 1,00,000 on 1<sup>st</sup> January, 2021. The net profit for the year ended 31<sup>st</sup> March, 2021 was ₹ 2,16,000 before providing any interest.

19. Calculate the amount of profit to be transferred to Profit and Loss Appropriation Account 1
- (a) Profit 2,16,000 (b) Profit 2,13,000  
(c) Profit 2,14,500 (d) Profit 2,10,500
20. On 1<sup>st</sup> December, 2020 one of the partner introduced additional capital of 50,000 and also advanced a loan of 1,00,000 to the firm. Interest received by the partner for the current accounting period will be 1
- (a) ₹ 1,250 (b) ₹ 2,000  
(c) ₹ 1,500 (d) ₹ 1,800
21. Nitin, Tarun and Amar are partners sharing profits equally and decide to share profits in the ratio of 2:2:1 with effect from 1<sup>st</sup> April, 2023. The extract of their Balance Sheet as at 31<sup>st</sup> March, 2023 is as follows: 3

Liabilities	₹	Assets	₹
Investment Fluctuation Reserve	60,000	Investment (at Cost)	4,00,000

Pass journal entries in the following situations:

- (i) When its Market Value is not given.
- (ii) When its Market Value is ₹ 4,24,000.

22. A and B are partners. During the year ended 31<sup>st</sup> March, 2023, each of the partners withdrew ₹ 10,000 regularly. A withdrew in the beginning of 6 months of the year and B withdrew in the middle of the month for the first 6 months of the year. Calculate interest on drawings charged for A and B @ 6% p.a. for the year ended 31<sup>st</sup> March, 2023. 3

OR

From the following Balance Sheet of Lal and Pal, calculate interest on capital @ 8% p.a. of the partners for the year ended 31st March, 2023.

Balance Sheet as at 31<sup>st</sup> March, 2023

Liabilities	₹	Assets	₹
Lal's Capital A/c	1,20,000	Fixed Assets	3,00,000
Pal's Capital A/c	1,40,000	Other Assets	60,000
General Reserve	1,00,000		
	3,60,000		3,60,000

During the year, Lal withdrew ₹ 40,000 and Pal withdrew ₹ 50,000. Profit for the year was ₹ 1,50,000 out of which ₹ 1,00,000 was transferred to General Reserve.

23. Average net profit expected in future by XYZ firm is ₹ 36,000. Average capital employed in the business by the firm is ₹ 2,00,000. The normal rate of return from capital invested in this class of business is 10%. Remuneration of the partners is estimated to be ₹ 6,000 p.a. Calculate the value of goodwill on the basis of two years' purchase of super profit. 3

OR

Madhu and Vidhi are partners sharing profits in the ratio of 3:2. They decided to admit Manu as a partner from 1st April 2023 on the following terms:

- (i) Manu will be given a 2/5th share of the profit.  
(ii) Goodwill of the firm will be valued at two years' purchase of three years' normal average profit of the firm.

Profits of the previous three years ended 31st March were:

2023 - Profit 30,000 (after debiting loss of stock by fire 40,000).

2022 - Loss 80,000 (includes voluntary retirement compensation paid 1,10,000).

2021 - Profit 1,10,000 (including a gain (profit) of 30,000 on the sale of fixed assets).

Calculate the value of goodwill.

24. Abha, Bobby and Vineet are partners sharing profits and losses equally. As per Partnership Deed Vineet is entitled to commission of 10% on net profit after charging such commission. Net Profit before charging commission is ₹ 2,20,000. Determine the amount of commission payable to Vineet. 3  
Also pass the journal entry for allowing commission to Vineet.

25. Hitesh and Nitesh are partners in a firm sharing profits in the ratio of 3:2. Their capitals were ₹ 80,000 and ₹ 50,000 respectively. They admitted Suresh on 1<sup>st</sup> April 2023 as a new partner for 1/5<sup>th</sup> share in the future profits. Suresh brought ₹ 60,000 as his capital. Calculate the value of Goodwill of the firm and record necessary journal entries for the above transactions on Suresh's admission. 3

26. Amar, Samar and Jagat were sharing profits and losses in the ratio of 5:3:2. Jagat retired and Amar and Samar decided to continue the firm sharing profits and losses equally after Jagat's retirement. They decided to record the effect of the following revaluations without affecting the book values of the assets and liabilities by passing an Adjustment Entry. 3

	Book Values ₹	Revised Values ₹
Land and Building	5,00,000	5,50,000
Furniture and Fixture	2,50,000	2,40,000
Bills Payable	60,000	55,000
Outstanding Expenses	75,000	80,000



Pass necessary adjustment entry.

27. P, Q and R were in partnership sharing profits and losses equally. Q retired from the firm. After adjustments, his Capital Account shows a credit balance of ₹ 1,50,000 as on 1<sup>st</sup> April, 2020. Q was paid ₹ 30,000 immediately on retirement and the balance amount to be paid in three equal annual instalment along with interest @ 5% p.a. Pass the journal entry and prepare Q's Loan Account until he is paid the entire amount due to him. The firm closes its books on 31<sup>st</sup> March every year. 4

28. Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of ₹ 2,00,000. The firm incurred a loss of ₹ 22,00,000 for the year ended 31st March, 2022. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account. 4

OR

The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2022, ₹ 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 per month.

(b) Bhanu was entitled for a salary of ₹ 4,000 p.a.

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

29. Danish, Ana and Pranav are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their books are closed on March 31st every year. Danish died on September 30th, 2022, The executors of Danish are entitled to: 4

(i) His share of Capital i.e. ₹ 5,00,000 along-with his share of goodwill. The total goodwill of the firm was valued at ₹ 60,000.

(ii) His share of profit up to his date of death on the basis of sales till date of death. Sales for the year ended March 31, 2022 was ₹ 2,00,000 and profit for the same year was 10% on sales. Sales shows a growth trend of 20% and percentage of profit earning is reduced by 1%.

(iii) Amount payable to Danish was transferred to his executors.

Pass necessary Journal Entries and show the workings clearly.

30. X, Y and Z were sharing profits in the ratio of 3:2:1 decided to dissolve the firm on 31<sup>st</sup> March, 2023 when their Balance Sheet was as follows: 6

Liabilities	₹	Assets	₹
Creditors	34,000	Cash	25,000
X                      1,20,000		Debtors	62,000
Y                      90,000		Stock	37,000
Z                      60,000	2,70,000	Tools	8,000
		Cars	12,000
		Computers	60,000
		Building	1,00,000
	3,04,000		3,04,000

Following transactions took place at the time of dissolution:

- (i) Assets realized are: Tools ₹ 5,000; Computers ₹ 82,000; Building ₹ 84,000; Car ₹ 25,000; Goodwill ₹ 60,000; Debtors ₹ 59,000.
- (ii) Creditors accepted Stock in settlement of their dues. There was an unrecorded asset valued at ₹ 3,000, which was taken by X for ₹ 2,000.

- (iii) There was an old furniture which had been written off from the books. Y agreed to take it at ₹ 8,000.
- (iv) Firm had to pay ₹ 8,000 for outstanding salary which were not provided earlier.
- Prepare Realisation Account.

OR

Madhav, Madhusudan and Mukund were partners in Jaganath Associates. They decided to dissolve the firm on 31st March 2021. Pass necessary journal entries for the following transactions after various assets (other than cash) and third-party liabilities have been transferred to realization account:

- Old machine fully written off was sold for ₹ 42,000 while a payment of ₹ 6,000 is made to bank for a bill discounted being dishonoured.
- Madhusudan accepted an unrecorded asset of ₹80,000 at ₹75,000 and the balance through cheque, against the payment of his loan to the firm of ₹1,00,000.
- Stock of book value of ₹30,000 was taken by Madhav, Madhusudan and Mukund in their profit sharing ratio.
- The firm had paid realization expenses amounting to ₹5,000 on behalf of Mukund.
- There was a vehicle loan of ₹ 2,00,000 which was paid by surrender of asset to the bank at an agreed value of ₹ 1,40,000 and the shortfall was met from firm's bank account.

31. X and Y were partners in the profit-sharing ratio of 3: 2. Their balance sheet as at March 31, 2022 was as follows:

Liabilities	₹	Assets	₹
Creditors	56,000	Plant and Machinery	70,000
General Reserve	14,000	Buildings	98,000
Capital Accounts:		Stock	21,000
X 1,19,000		Debtors 42,000	
Y 1,12,000	2,31,000	(-)Provision 7,000	35,000
		Cash in Hand	77,000
	3,01,000		3,01,000

Z was admitted for 1/6th share on the following terms:

- Z will bring ₹ 56,000 as his share of capital, but was not able to bring any amount to compensate the sacrificing partners.
- Goodwill of the firm is valued at ₹ 84,000.
- Plant and Machinery were found to be undervalued by ₹ 14,000 Building was to brought up to ₹ 1,09,000.
- All debtors are good.
- Capitals of X and Y will be adjusted on the basis of Z's share and adjustments will be done by opening necessary current accounts. You are required to prepare Revaluation Account and Partners' Capital Account.

OR

Rajinder and Vijay were partners in a firm sharing profits in the ratio 3:2. On 31st March 2023 their

Liabilities	₹	Assets	₹
Capital A/cs:		Fixed Assets (Tangible)	3,60,000
Rajinder 3,00,000		Goodwill	50,000
Vijay 1,50,000	4,50,000	Investments	40,000
Current A/cs:		Stock	74,000

Rajinder	50,000		Debtors	1,00,000	
Vijay	10,000	60,000	Less: Provision for Doubtful		
Creditors		75,000	Debts	4,000	96,000
General Reserve		60,000	Bank		25,000
		6,45,000			6,45,000

With an aim to expand business it is decided to admit Ranvijay as a partner on 1st April 2023 on the following terms:

- Provision for doubtful debts is to be increased to 6% of debtors.
- An outstanding bill for repairs ₹ 50,000 to be accounted in the books
- An unaccounted interest accrued of ₹ 7500 be provided for.
- Investment were sold at book value.
- Half of stock was taken by Rajinder at ₹42,000 and remaining stock was also to be revalued at the same rate.
- New profit-sharing ratio of partners will be 5:3:2.
- Ranvijay will bring ₹ 1,00,000 as capital and his share of goodwill which was valued at twice the average profit of the last three years ended 31st March 2023, 2022 and 2021 were ₹ 1,50,000, ₹ 1,30,000 and ₹ 1,70,000 respectively.

Pass necessary journal entries.

32. Amit, Binita and Charu are three partners. On 1st April, 2022, their Capitals stood as: Amit ₹ 1,00,000; Binita ₹ 2,00,000 and Charu ₹ 3,00,000. It was decided that: 6

- they would receive interest on Capital @ 5% p.a.,
- Amit would get a salary of ₹ 10,000 per month,
- Binita would receive commission @ 5% of net profit after deduction of commission, and
- 10% of the net profit would be transferred to the General Reserve.

Before the above items were taken into account, the profit for the year ended 31st March, 2023 was ₹ 5,00,000. Prepare Profit and Loss Appropriation Account.

33. X, Y and Z were in partnership sharing profits in proportion to their capitals. Their Balance Sheet as on 31st March, 2018 was as follows: 6

Balance Sheet of B, P and T as at 31st March, 2022

Liabilities	₹	Assets	₹
Sundry Creditors	16,600	Cash	15,000
Workmen Compensation Fund	9,000	Debtors	21,000
General Reserve	6,000	Less: Provision for Doubtful Debts	1,400
Capitals :		Stock	19,000
X	90,000	Machinery	58,000
Y	60,000	Building	1,00,000
Z	30,000		
	1,80,000		
	2,11,600		2,11,600

On the above date, Y retired owing to ill health. The following adjustments were agreed upon for calculation of amount due to Y.

- Provision for Doubtful Debts to be increased to 10% of Debtors.
- Goodwill of the firm be valued at ₹ 36,000 and be adjusted into the Capital Accounts of X and Z, who will share profits in future in the ratio of 3:1.

- (c) Included in the value of Sundry Creditors was ₹ 2,500 for an outstanding legal claim, which will not arise.
- (d) X and Z also decided that the total capital of the new firm will be ₹ 1,20,000 in their profit sharing ratio. Actual cash to be brought in or to be paid off as the case may be.
- (e) Gain on revaluation of assets and reassessment of liabilities is ₹ 1,800.
- (f) Y to be paid ₹ 9,000 immediately and balance to be transferred to his Loan Account. Prepare Partner's Capital Accounts and Balance Sheet of the new firm after Y's retirement.

34. Trisha, Anisha and Rishika were partners in a firm sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet as at 31<sup>st</sup> March, 2022 was as follows: 6

Liabilities	₹	Assets	₹
Capitals:		Plant and Machinery	5,00,000
Trisha 3,00,000		Stock	1,00,000
Anisha 2,00,000		Debtors	60,000
Rishika 1,00,000	6,00,000	Cash at Bank	40,000
General Reserve	50,000		
Creditors	50,000		
	7,00,000		7,00,000

Trisha died on 31<sup>st</sup> July, 2022. According to the Partnership Deed, the executors of the deceased partner were entitled to:

- Balance in Partner's Capital Account.
- Salary @ ₹ 15,000 per quarter.
- Share of Goodwill calculated on the basis of twice the average of past three year's profits.
- Share of profits from the closure of the last accounting year till the date of death on the basis of last year's profit. Profit for 2019-20, 2020-21 and 2021-22 were ₹ 1,00,000, ₹ 2,00,000 and ₹ 1,50,000 respectively.
- Trisha withdrew ₹ 20,000 on 1<sup>st</sup> May, 2022 for her personal use.

Showing all your working clearly, prepare Trisha's Capital Account to be rendered to her executors.

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



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**INDIAN SCHOOL MUSCAT  
HALF YEARLY EXAMINATION 2023  
ACCOUNTANCY (055)**



CLASS : XII  
DATE: 24-09-2023

TIME ALLOTTED : 3 HRS.  
MAXIMUM MARKS: 80

**GENERAL INSTRUCTIONS:**

1. This question paper contains 34 questions. All questions are compulsory.
2. Question Nos.1 to 20 carries 1 mark each.
3. Questions Nos. 21 to 26 carries 3 marks each.
4. Questions Nos. from 27 to 29 carries 4 marks each.
5. Questions Nos. from 30 to 34 carries 6 marks each.
6. There is no overall choice.
7. 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.

1. Assertion (A): Maxwell, 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. 1

Reasoning (R): 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.

2. A and B are partners. B draws a fixed amount at the end 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: 1  
 (a) ₹24,000 per quarter. (b) ₹40,000 per quarter  
 (c) ₹30,000 per quarter (d) ₹80,000 per quarter

OR

Shyam, Gopal & Arjun are partners carrying on garment business. Shyam withdrew ₹ 10,000 in the beginning of each quarter. Gopal, withdrew garments amounting to ₹ 15,000 to distribute it to flood victims, and Arjun withdrew ₹ 20,000 from his capital account. The partnership deed provides for interest on drawings @ 10% p.a. The interest on drawing charged from Shyam, Gopal & Arjun at the end of the year will be

- (a) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000.
- (b) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000.
- (c) Shyam- ₹ 2,500; Gopal- ₹ 750; Arjun- Nil.

(d) Shyam- ₹ 4,800; Gopal- Nil; Arjun- Nil.

3. Which of the following is true regarding Salary to a partner when the firm maintains fluctuating capital accounts? 1
- (a) Debit Partner's Loan A/c and Credit Profit & Loss Appropriation A/c.  
(b) Debit Profit & Loss A/c and Credit Partner's Capital A/c.  
(c) Debit Profit & Loss Appropriation A/c and Credit Partner's Current A/c.  
(d) Debit Profit & Loss Appropriation A/c and Credit Partner's Capital A/c.

OR

In the absence of partnership deed, a partner is entitled to an interest on the amount of additional capital advanced by him to the firm at a rate of:

- (a) Not entitled for any interest on their additional capitals.  
(b) Entitled for 6% p.a. on their additional capital, only when there are profits.  
(c) Entitled for 10% p.a. on their additional capital  
(d) Entitled for 12% p.a. on their additional capital
4. Gain / loss on revaluation at the time of change in profit sharing ratio of existing partners is shared by \_\_\_\_ (i) \_\_\_\_ whereas in case of admission of a partner it is shared by \_\_\_\_ (ii) \_\_\_\_\_. 1
- (a) (i) Remaining Partners, (ii) All Partners.  
(b) (i) All Partners, (ii) Old Partners.  
(c) (i) New Partner, (ii) All Partner.  
(d) (i) Sacrificing Partner, (ii) Incoming Partner.

5. Capital employed by a partnership firm is ₹ 2,50,000. Its average profit is ₹ 30,000. The normal rate of return in similar type of business is 10%. The amount of Super Profit is: 1
- (a) ₹ 25,000 (b) ₹ 3,000  
(c) ₹ 5,000 (d) ₹ 28,000

6. A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 01.04.2023, they agreed to share profits and losses equally. Due to change in the profit sharing ratio, B's gain or sacrifice will be 1
- (a) Gain  $\frac{1}{30}$  (b) Sacrifice  $\frac{1}{30}$   
(c) Gain  $\frac{5}{30}$  (d) Sacrifice  $\frac{4}{30}$

OR

Due to change in profit sharing ratio, X's sacrifice is  $\frac{3}{10}$ , while Z's gain is  $\frac{3}{10}$ . They decide to record the effect of the following without affecting the book figures, by passing an adjustment entry

General Reserve	₹ 35,000
Profit and Loss (Cr.)	₹ 15,000
Advertisement Suspense A/c (Dr.)	₹ 20,000

The necessary adjustment entry will be

- (a) Dr. Z and Cr. X by ₹ 9,000 (b) Dr. X and Cr. Y by ₹ 9,000  
(c) Dr. X and Cr. Y by ₹ 18,000 (d) Dr. Y and Cr. X by ₹ 9,000
7. If average capital employed in a firm is ₹8,00,000, average of actual profits is ₹1,80,000 and normal rate of return is 10%, then value of goodwill as per capitalization of average profits is: 1
- (a) ₹10,00,000 (b) ₹18,00,000  
(c) ₹80,00,000 (d) ₹78,20,000

OR

A firm earns profit of ₹ 1,10,000. Normal Rate of Return is 10%. Assets of the firm are ₹ 11,00,000 and Liabilities ₹ 1,00,000. Value of goodwill by Capitalisation of Average Profit Method is

- (a) ₹ 2,00,000 (b) ₹ 10,000  
(c) ₹ 5,000 (d) ₹ 1,00,000

8. Mona and Tina were partners in a firm sharing profits in the ratio 3:2. Naina was admitted with  $\frac{1}{6}$ th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 32,000. The claim on account of Workmen's Compensation was determined at ₹ 40,000. Excess of claim over the reserve will be 1

- (a) Credited to Revaluation Account  
(b) Debited to Revaluation Account  
(c) Credited to Old Partners' Capital Account  
(d) Debited to Old Partners' Capital Account

OR

Anne and Charu were partners in a firm. Their Balance Sheet showed Furniture at ₹2,00,000; Stock at ₹1,40,000; Debtors at ₹1,62,000 and Creditors at ₹60,000. Samir was admitted and new profit-sharing ratio was agreed at 2:3:5. Stock was revalued at ₹1,00,000, Creditors of ₹15,000 are not likely to be claimed, Debtors for ₹2,000 have become irrecoverable and Provision for doubtful debts to be provided @ 10%.

Anne's share in loss on revaluation amounted to ₹30,000. Revalued value of Furniture will be:

- (a) ₹2,17,000 (b) ₹1,03,000  
(c) ₹3,03,000 (d) ₹1,83,000

9. G, S and T were partners sharing profits in the ratio 3:2:1. G retired and his dues towards the firm including Capital balance, Accumulated profits and losses share, Revaluation Gain amounted to ₹ 5,80,000. G was being paid ₹ 7,00,000 in full settlement. For giving that additional amount of ₹ 1,20,000, S was debited for ₹ 40,000. Determine goodwill of the firm. 1
- (a) ₹ 1,20,000 (b) ₹80,000  
(c) ₹2,40,000 (d) ₹ 3,60,000

10. Asha and Nisha are partner's sharing profits in the ratio of 2:1. Kajol was admitted for  $\frac{1}{4}$  share of which  $\frac{1}{8}$  was gifted by Asha. The remaining was contributed by Nisha. Goodwill of the firm is valued at ₹ 40,000. How much amount for goodwill will be credited to Nisha's Capital account? 1
- (a) ₹2,500 (b) ₹5,000  
(c) ₹20,000 (d) ₹ 40,000

11. Assertion (A): General Reserve is not distributed among the old partners but carried forward in the Balance Sheet prepared after admission of a partner. 1  
Reason (R): General Reserve is set aside out of past profits and therefore, it is distributed among old partners in their old profit sharing ratio.  
In the context of the above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A)  
(b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)

- (c) Assertion (A) is correct but the Reason (R) is not correct.  
 (d) Assertion (A) is not correct but the Reason (R) is correct.

12. A, B and C are partners sharing profits and losses in the ratio of 2:2:1. B died, at that time goodwill of the firm was valued at ₹ 30,000. What contribution has to be made by A and C in order to pay B's Executors? 1  
 (a) ₹ 20,000 and ₹ 10,000 (b) ₹ 15,000 and ₹ 15,000  
 (c) ₹ 8,000 and ₹ 4,000 (d) ₹ 6,000 and ₹ 6,000

13. 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

14. On the day of dissolution of the firm 'Roop Brothers' had Partner's Capital amounting to ₹1,50,000, External Liabilities ₹35,000, Cash balance ₹8,000 and Profit and Loss A/c (Dr.) ₹7,000. If Realisation Expense and Loss on Realisation amounted to ₹ 5,000 and ₹ 25,000 respectively, the amount realised by sale of assets is: 1  
 (a) ₹1,64,000 (b) ₹1,45,000  
 (c) ₹1,57,000 (d) ₹1,50,000  
 OR

On dissolution of a firm, an unrecorded furniture of ₹ 5,000 was taken by a partner for ₹ 4,300 against payment. Which Account will be credited and by how much amount?

- (a) Cash Account by ₹ 4,300 (b) Realisation Account by ₹ 700  
 (c) Partner's Capital Account by ₹ 5,000 (d) Realisation Account by ₹ 4,300
15. At the time of retirement of Mohan, stock is given as ₹ 60,000 in the Balance Sheet of the firm. If stock is undervalued by ₹ 10,000, the journal entry passed for the above is: 1

(a)	Revaluation A/c Dr.	10,000	
	To Stock A/c		10,000
(b)	Stock A/c Dr.	10,000	
	To Revaluation A/c		10,000
(c)	Stock A/c Dr.	50,000	
	To Revaluation A/c		50,000
(d)	Revaluation A/c Dr.	50,000	
	To Stock A/c		50,000

16. Amit, Sudhir and Aman were partners sharing profits in the ratio of 3:2:1. Sudhir dies on 30<sup>th</sup> June, 2020. Journal Entry passed for Sudhir's share of profit from the beginning of the year up to the date of death will be: 1  
 (a) Profit and Loss A/c Dr. (b) Sudhir's Capital A/c Dr.  
     To Sudhir's Capital A/c                      To Profit and Loss A/c  
 (c) Sudhir's Capital A/c Dr. (d) Profit and Loss Suspense A/c Dr.  
     To Profit and Loss Suspense A/c                      To Sudhir's Capital A/c



17. At the time of dissolution, total assets are of ₹ 12,00,000 and outside liabilities are of ₹ 4,80,000. If assets realized 120% and realisation expenses paid were ₹ 16,000, gain or loss on realization will be: 1
- (a) Gain ₹ 2,40,000 (b) Loss ₹ 2,40,000  
(c) Loss ₹ 2,24,000 (d) Gain ₹ 2,24,000

18. Lisa, Mona and Nisha are partners in a firm, sharing profits in the ratio of 2:2:1. Their Capital Accounts stood as ₹ 50,000, ₹ 50,000 and ₹ 25,000 respectively. Mona died, and the balance in the reserve on that date was ₹ 15,000. If goodwill of the firm is ₹ 30,000 and profit on revaluation is ₹ 7,050, what amount will be transferred to Mona's Executor's Account? 1
- (a) ₹ 50,820 (b) ₹ 70,820  
(c) ₹ 8,820 (d) ₹ 60,820

OR

Loan by the deceased partner to the firm is transferred to:

- (a) The debit of his Current Account  
(b) The credit of his Capital Account  
(c) The debit of Remaining Partners' Capital Account  
(d) The credit of Remaining Partners' Capital Account

Question no.s 19 and 20 are based on the hypothetical situation given below.

On 1<sup>st</sup> October, 2020, fifty members of a society started the partnership firm in the name of "Be Healthy" for selling masks. All the members have good relations so they do not have any partnership agreement. All of them agreed to invest ₹ 36,000 each as capital. Mohan (a partner) gave a loan of ₹ 1,00,000 on 1<sup>st</sup> January, 2021. The net profit for the year ended 31<sup>st</sup> March, 2021 was ₹ 2,16,000 before providing any interest.

19. Calculate the amount of profit to be transferred to Profit and Loss Appropriation Account 1
- (a) Profit 2,16,000 (b) Profit 2,13,000  
(c) Profit 2,14,500 (d) Profit 2,10,500
20. On 1<sup>st</sup> December, 2020 one of the partner introduced additional capital of 50,000 and also advanced a loan of 1,00,000 to the firm. Interest received by the partner for the current accounting period will be 1
- (a) ₹ 1,250 (b) ₹ 2,000  
(c) ₹ 1,500 (d) ₹ 1,800

21. Annu, Sunny and Jai were sharing profits and losses in the ratio of 5:3:2. Jai retired and Annu and Sunny decided to continue the firm sharing profits and losses equally after Jai's retirement. They decided to record the effect of the following revaluations without affecting the book values of the assets and liabilities by passing an Adjustment Entry. 3

	Book Values ₹	Revised Values ₹
Land and Building	5,00,000	5,40,000
Motor Car	2,50,000	2,20,000
Sundry Creditors	60,000	50,000
Outstanding Expenses	75,000	80,000

Pass necessary adjustment entry.

22. Nitin, Tarun and Amar are partners sharing profits equally and decide to share profits in the ratio of 2:2:1 with effect from 1<sup>st</sup> April, 2023. The extract of their Balance Sheet as at 31<sup>st</sup> March, 2023 is as follows: 3

Liabilities	₹	Assets	₹
Investment Fluctuation Reserve	60,000	Investment (at Cost)	4,00,000

Pass journal entries in the following situations:

- When its Market Value is not given.
- When its Market Value is ₹ 4,24,000.

23. A and B are partners. During the year ended 31<sup>st</sup> March, 2023, each of the partners withdrew ₹ 10,000 regularly. A withdrew in the beginning of 6 months of the year and B withdrew in the middle of the month for the first 6 months of the year. Calculate interest on drawings charged for A and B @ 6% p.a. for the year ended 31<sup>st</sup> March, 2023. 3

OR

From the following Balance Sheet of Lal and Pal, calculate interest on capital @ 8% p.a. of the partners for the year ended 31<sup>st</sup> March, 2023.

Balance Sheet as at 31<sup>st</sup> March, 2023

Liabilities	₹	Assets	₹
Lal's Capital A/c	1,20,000	Fixed Assets	3,00,000
Pal's Capital A/c	1,40,000	Other Assets	60,000
General Reserve	1,00,000		
	3,60,000		3,60,000

During the year, Lal withdrew ₹ 40,000 and Pal withdrew ₹ 50,000. Profit for the year was ₹ 1,50,000 out of which ₹ 1,00,000 was transferred to General Reserve.

24. Average net profit expected in future by XYZ firm is ₹ 36,000. Average capital employed in the business by the firm is ₹ 2,00,000. The normal rate of return from capital invested in this class of business is 10%. Remuneration of the partners is estimated to be ₹ 6,000 p.a. Calculate the value of goodwill on the basis of two years' purchase of super profit. 3

OR

Madhu and Vidhi are partners sharing profits in the ratio of 3:2. They decided to admit Manu as a partner from 1<sup>st</sup> April 2023 on the following terms:

- Manu will be given a  $\frac{2}{5}$ th share of the profit.
- Goodwill of the firm will be valued at two years' purchase of three years' normal average profit of the firm.

Profits of the previous three years ended 31<sup>st</sup> March were:

2023 - Profit 30,000 (after debiting loss of stock by fire 40,000).

2022 - Loss 80,000 (includes voluntary retirement compensation paid 1,10,000).

2021 - Profit 1,10,000 (including a gain (profit) of 30,000 on the sale of fixed assets).

Calculate the value of goodwill.

25. X and Y are partners sharing profit and losses at the ratio of 2:3 with capitals of ₹ 2,00,000 and ₹ 3,00,000 respectively. On 1<sup>st</sup> October, 2022, X and Y gave loans of ₹ 80,000 and ₹ 40,000 respectively to the firm. Calculate Interest on Loan by Partners and the amount of profit/loss for the year ended 31<sup>st</sup> March, 2023 to be distributed, if the loss before interest for the year amounted to ₹ 1,400. 3

26. Hari and Navin are partners in a firm sharing profits in the ratio of 3:2. Their capitals were ₹ 3,20,000 and ₹ 2,00,000 respectively. They admitted Satish on 1<sup>st</sup> April 2023 as a new partner 3

for 1/5<sup>th</sup> share in the future profits. Satish brought ₹ 2,40,000 as his capital. Calculate the value of Goodwill of the firm and record necessary journal entries for the above transactions on Satish's admission.

27. Danish, Ana and Pranav are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their books are closed on March 31st every year. Danish died on September 30th, 2022, The executors of Danish are entitled to: 4

- His share of Capital i.e. ₹ 5,00,000 along with his share of goodwill. The total goodwill of the firm was valued at ₹ 60,000.
- His share of profit up to his date of death on the basis of sales till date of death. Sales for the year ended March 31, 2022 was ₹ 2,00,000 and profit for the same year was 10% on sales. Sales shows a growth trend of 20% and percentage of profit earning is reduced by 1%.
- Amount payable to Danish was transferred to his executors.

Pass necessary Journal Entries and show the workings clearly.

28. L, M and N were in partnership sharing profits and losses equally. M retired from the firm. After adjustments, his Capital Account shows a credit balance of ₹ 2,25,000 as on 1<sup>st</sup> April, 2020. M was paid ₹ 45,000 immediately on retirement and the balance amount to be paid in three equal annual instalment along with interest @ 5% p.a. Pass the journal entry and prepare M's Loan Account until he is paid the entire amount due to him. The firm closes its books on 31<sup>st</sup> March every year. 4

29. Maanika, Bhavi and Komal are partners sharing profits in the ratio of 6:4:1. Komal is guaranteed a minimum profit of ₹ 2,00,000. The firm incurred a loss of ₹ 22,00,000 for the year ended 31<sup>st</sup> March, 2022. Pass necessary journal entry regarding deficiency borne by Maanika and Bhavi and prepare Profit and Loss Appropriation Account. 4

OR

The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31<sup>st</sup> March, 2022, ₹ 80,000 in the ratio of 3:3:2 without providing for the following adjustments:

- Alia and Chand were entitled to a salary of ₹ 1,500 each per month.
- Bhanu was entitled for a salary of ₹ 4,000 p.a.

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

30. Trisha, Anisha and Rishika were partners in a firm sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet as at 31<sup>st</sup> March, 2022 was as follows: 6

Liabilities	₹	Assets	₹
Capitals:		Plant and Machinery	5,00,000
Trisha 3,00,000		Stock	1,00,000
Anisha 2,00,000		Debtors	60,000
Rishika 1,00,000	6,00,000	Cash at Bank	40,000
General Reserve	50,000		
Creditors	50,000		
	7,00,000		7,00,000

Trisha died on 31<sup>st</sup> July, 2022. According to the Partnership Deed, the executors of the deceased partner were entitled to:

- Balance in Partner's Capital Account.
- Salary @ ₹ 15,000 per quarter.

- (iii) Share of Goodwill calculated on the basis of twice the average of past three year's profits.
- (iv) Share of profits from the closure of the last accounting year till the date of death on the basis of last year's profit. Profit for 2019-20, 2020-21 and 2021-22 were ₹ 1,00,000, ₹ 2,00,000 and ₹ 1,50,000 respectively.
- (v) Trisha withdrew ₹ 20,000 on 1<sup>st</sup> May, 2022 for her personal use.

Showing all your working clearly, prepare Trisha's Capital Account to be rendered to her executors.

31. X, Y and Z were sharing profits in the ratio of 3:2:1 decided to dissolve the firm on 31<sup>st</sup> March, 2023 when their Balance Sheet was as follows: 6

Liabilities	₹	Assets	₹
Creditors	34,000	Cash	25,000
X                      1,20,000		Debtors	62,000
Y                        90,000		Stock	37,000
Z                        60,000	2,70,000	Tools	8,000
		Cars	12,000
		Computers	60,000
		Building	1,00,000
	3,04,000		3,04,000

Following transactions took place at the time of dissolution:

- (i) Assets realized are: Tools ₹ 5,000; Computers ₹ 82,000; Building ₹ 84,000; Car ₹ 25,000; Goodwill ₹ 60,000; Debtors ₹ 59,000.
- (ii) Creditors accepted Stock in settlement of their dues. There was an unrecorded asset valued at ₹ 3,000, which was taken by X for ₹ 2,000.
- (iii) There was an old furniture which had been written off from the books. Y agreed to take it at ₹ 8,000.
- (iv) Firm had to pay ₹ 8,000 for outstanding salary which were not provided earlier.

Prepare Realisation Account.

OR

Madhav, Madhusudan and Mukund were partners in Jaganath Associates. They decided to dissolve the firm on 31<sup>st</sup> March 2021. Pass necessary journal entries for the following transactions after various assets (other than cash) and third-party liabilities have been transferred to realization account:

- (i) Old machine fully written off was sold for ₹ 42,000 while a payment of ₹ 6,000 is made to bank for a bill discounted being dishonoured.
- (ii) Madhusudan accepted an unrecorded asset of ₹80,000 at ₹75,000 and the balance through cheque, against the payment of his loan to the firm of ₹1,00,000.
- (iii) Stock of book value of ₹30,000 was taken by Madhav, Madhusudan and Mukund in their profit sharing ratio.
- (iv) The firm had paid realization expenses amounting to ₹5,000 on behalf of Mukund.
- (v) There was a vehicle loan of ₹ 2,00,000 which was paid by surrender of asset to the bank at an agreed value of ₹ 1,40,000 and the shortfall was met from firm's bank account.

32. X and Y were partners in the profit-sharing ratio of 3: 2. Their balance sheet as at March 31, 2022 was as follows: 6

Liabilities	₹	Assets	₹
-------------	---	--------	---

Creditors	56,000	Plant and Machinery	70,000
General Reserve	14,000	Buildings	98,000
Capital Accounts:		Stock	21,000
X	1,19,000	Debtors	42,000
Y	1,12,000	(-)Provision	7,000
		Cash in Hand	77,000
	3,01,000		3,01,000

Z was admitted for 1/6th share on the following terms:

- Z will bring ₹ 56,000 as his share of capital, but was not able to bring any amount to compensate the sacrificing partners.
- Goodwill of the firm is valued at ₹ 84,000.
- Plant and Machinery were found to be undervalued by ₹ 14,000 Building was brought up to ₹ 1,09,000.
- All debtors are good.
- Capitals of X and Y will be adjusted on the basis of Z's share and adjustments will be done by opening necessary current accounts. You are required to prepare Revaluation Account and Partners' Capital Account.

OR

Rajinder and Vijay were partners in a firm sharing profits in the ratio 3:2. On 31st March 2023 their

Liabilities	₹	Assets	₹
Capital A/cs:		Fixed Assets (Tangible)	3,60,000
Rajinder	3,00,000	Goodwill	50,000
Vijay	1,50,000	Investments	40,000
Current A/cs:		Stock	74,000
Rajinder	50,000	Debtors	1,00,000
Vijay	10,000	Less: Provision for Doubtful	
Creditors	75,000	Debts	4,000
General Reserve	60,000	Bank	25,000
	6,45,000		6,45,000

With an aim to expand business it is decided to admit Ranvijay as a partner on 1st April 2023 on the following terms:

- Provision for doubtful debts is to be increased to 6% of debtors.
- An outstanding bill for repairs ₹ 50,000 to be accounted in the books
- An unaccounted interest accrued of ₹ 7500 be provided for.
- Investment were sold at book value.
- Half of stock was taken by Rajinder at ₹42,000 and remaining stock was also to be revalued at the same rate.
- New profit-sharing ratio of partners will be 5:3:2.
- Ranvijay will bring ₹ 1,00,000 as capital and his share of goodwill which was valued at twice the average profit of the last three years ended 31st March 2023, 2022 and 2021 were ₹ 1,50,000, ₹ 1,30,000 and ₹ 1,70,000 respectively.

Pass necessary journal entries.

33. Amit, Binita and Charu are three partners. On 1st April, 2022, their Capitals stood as: Amit ₹ 1,00,000; Binita ₹ 2,00,000 and Charu ₹ 3,00,000. It was decided that:
- they would receive interest on Capital @ 5% p.a.,
  - Amit would get a salary of ₹ 10,000 per month,

- (c) Binita would receive commission @ 5% of net profit after deduction of commission, and  
(d) 10% of the net profit would be transferred to the General Reserve.

Before the above items were taken into account, the profit for the year ended 31st March, 2023 was ₹ 5,00,000. Prepare Profit and Loss Appropriation Account.

34. X, Y and Z were in partnership sharing profits in proportion to their capitals. Their Balance Sheet as on 31st March, 2018 was as follows:

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Balance Sheet of B, P and T as at 31st March, 2022

Liabilities	₹	Assets	₹
Sundry Creditors	16,600	Cash	15,000
Workmen Compensation Fund	9,000	Debtors	21,000
General Reserve	6,000	Less: Provision for Doubtful Debts	1,400
Capitals :		Stock	19,600
X	90,000	Machinery	19,000
Y	60,000	Building	58,000
Z	30,000		1,00,000
	1,80,000		
	2,11,600		2,11,600

On the above date, Y retired owing to ill health. The following adjustments were agreed upon for calculation of amount due to Y.

- (a) Provision for Doubtful Debts to be increased to 10% of Debtors.  
(b) Goodwill of the firm be valued at ₹ 36,000 and be adjusted into the Capital Accounts of X and Z, who will share profits in future in the ratio of 3:1.  
(c) Included in the value of Sundry Creditors was ₹ 2,500 for an outstanding legal claim, which will not arise.  
(d) X and Z also decided that the total capital of the new firm will be ₹ 1,20,000 in their profit sharing ratio. Actual cash to be brought in or to be paid off as the case may be.  
(e) Gain on revaluation of assets and reassessment of liabilities is ₹ 1,800.  
(f) Y to be paid ₹ 9,000 immediately and balance to be transferred to his Loan Account. Prepare Partner's Capital Accounts and Balance Sheet of the new firm after Y's retirement.

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