

Roll Number

SET

A



INDIAN SCHOOL MUSCAT  
HALF YEARLY EXAMINATION  
ACCOUNTANCY (055)

CLASS: XII

Time Allotted: 03 Hrs.

11.09.2022

Max. Marks: 80

GENERAL INSTRUCTIONS

- (a) This Question paper contains 32 Questions
  - (b) Questions from 1 to 20 carry 1 mark each
  - (c) Questions 21 and 22 carry 3 marks each
  - (d) Questions from 23 to 27 carry 4 marks each
  - (e) Questions from 28 to 30 carry 6 marks each
  - (f) Questions 31 and 32 carry 8 marks each
  - (g) Internal choices are for questions 23, 31 and 32
  - (h) All questions are compulsory
- 1 Diya, Riya and Tiya were partners sharing profits and losses in the ratio of 2 : 3 : 5. Tiya died on 28th November, 2021. Her share of profit was taken equally by Diya and Riya. Diya's share of profit in the new firm will be..... 1
  - 2 On dissolution, goodwill A/c is transferred to ..... 1
  - 3 How does the factor efficiency of management affect the goodwill of a firm? 1
  - 4 Which of the following does not result into reconstitution of a firm? 1
    - A. Dissolution of partnership firm
    - B. Dissolution of partnership
    - C. Change in profit sharing ratio among partners
    - D. Death of partner
  - 5 Ram and Shyam were partners in a firm sharing profits and losses in the ratio of 3:1. With effect from 1<sup>st</sup> January 2022 they agreed to share the profit in the ratio of 2:1. Find out Shyam's share of gain or sacrifice. 1
    - A. Gain  $\frac{1}{12}$
    - B. Sacrifice  $\frac{1}{12}$
    - C. Gain  $\frac{2}{60}$
    - D. Sacrifice  $\frac{3}{60}$
  - 6 Kavita and Kannan are partners in a firm sharing profits and losses in the ratio of 4:1. On 1<sup>st</sup> April 2021, they admitted Mohit for  $\frac{1}{4}$ <sup>th</sup> share in the profits of the firm. The balance sheet of Kavita and Kannan showed stock at ₹45,000. On admission of new partner, the stock was found undervalued by 10%. The journal entry to give effect to the above adjustment of Mohit's admission will be: 1

		₹	₹
A	Revaluation A/c Dr To Stock A/c	5,000	5,000
B	Stock A/c Dr To Revaluation A/c	4,500	4,500
C	Stock A/c Dr To Revaluation A/c	5,000	5,000
D	Revaluation A/c Dr To Stock A/c	4,500	4,500

- 7 Leela and Meeta were partners in a firm sharing profits and losses in the ratio of 7:3. Geeta was admitted as new partner for a  $\frac{3}{13}$ th share in the profits of the firm. The new profit sharing ratio will be 1
- A. 7:3:7  
B. 7:3:3  
C. 3:7:7  
D. 1:1:1
- 8 Identify a situation, under which court may order for dissolution of a partnership firm. 1
- 9 Which of the following statement is correct? 1
- A. Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in their sacrificing ratio.  
B. Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in their gaining ratio.  
C. Goodwill at the time of retirement of a partner is debited to remaining Partner's Capital Accounts in their new profit sharing ratio.  
D. Goodwill at the time of retirement of a partner to the extent of retiring Partner's share is debited to remaining partners' Capital Accounts in their gaining ratio.
- 10 The total amount credited to a retiring partner in his capital account is ₹2,00,000. He took investment at ₹55,000 and 20% of the debtors. The balance amount transferred to his loan account is ₹1,25,000. What is the total value of the Debtors? 1
- A. ₹1,00,000  
B. ₹90,000  
C. ₹80,000  
D. ₹1,10,000
- 11 Retiring partner is compensated by the continuing partners in their 1
- A. Gaining ratio  
B. Capital Ratio  
C. Sacrificing ratio  
D. Profit sharing ratio
- 12 State any two deductions that may have to be made from the amount payable to the legal representative of a deceased partner. 1

- 13 At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner, in absence of any agreement among partners, when (s)he opts for interest and not share of profit. 1
- A. 7.5%
  - B. 6%
  - C. 12%
  - D. 5%
- 14 What is the status of Partnership from the legal view point? 1
- 15 Rohit , Param and Kevin were partners sharing profits and losses in the ratio of 2:2:1. Kevin died on 30<sup>th</sup> June 2021. Profit and Sales for the year ended 31<sup>st</sup> March 2021 were ₹1,00,000 and 10,00,000 respectively. Sales during April to June 2021 were ₹1,50,000. Calculate share of profit to Kevin till the date of his death 1
- 16 At the time of dissolution, if realised amount of an asset is not given, the realised value should be considered as 1
- A. Book value
  - B. Market value
  - C. Nil
  - D. Depreciated value
- 17 Bank Loan ₹29,000 was paid against ₹30,000 at the time of dissolution. Journalise the transaction. 1
- 18 State any one right acquired by newly admitted partners? 1
- 19 Differentiate between Dissolution of Partnership and Dissolution of the partnership firm on the basis of continuity of business. 1
- 20 Why self-generated goodwill is not accounted in the books of account? 1
- 21 Anil and Binl have capitals of ₹6,00,000 and ₹4,00,000 respectively and interest on capital is to be allowed at 10% p.a. Their profit sharing ratio is 3:2 and net profit for the year is ₹50,000. Prepare Profit and loss Appropriation A/c to distribute the profit. 3
- 22 Jay and Helen were partners in a firm with total capital of ₹7,00,000. The normal rate of return was 20% and the average profit was ₹1,50,000. Calculate goodwill of the firm by capitalization of average profits method. 3
- 23 A, B and C were partners in a firm. On 1st April, 2021 the balance in their capital accounts stood at ₹8,00,000, ₹6,00,000 and ₹4,00,000 respectively. As per the provisions of the partnership deed, partners were entitled to interest on capital @ 5% p.a., salary to B ₹3,000 per month and a commission of ₹12,000 to C. A's share of profit, excluding interest on capital, was guaranteed at ₹25,000 p.a. B's share of profit, including interest on capital but excluding salary was guaranteed 4

at ₹55,000 p.a. Any deficiency arising on that account was to be met by C. The profits of the firm for the year ending 31st March, 2022 amounted to ₹2,16,000.

Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2022

**OR**

Alia, Bhanu and Chand were partners in a firm, 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 p.m.

(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.

- 24 P, Q and R are partners sharing profits and losses in the ratio of 2:3:5. They decide to share future profit and losses in the ratio of 5:3:2. They also decided to record the effect of the following without affecting their book values: 4

Particulars	₹
Profit & Loss A/c (Cr)	30,000
General Reserve	20,000
Advertisement Suspense A/c	15,000

You are required to pass necessary Journal Entry to record the above transactions in the books of the firm.

- 25 Madhu and Vidhi are partners sharing profit in the ratio of 2:1. They admitted Shoba for 2/5<sup>th</sup> Share in profits. Shoba brings on ₹30,000 for her capital and ₹8,000 out of her share of ₹10,000 for goodwill. Before admission, goodwill existed in the book at ₹18,000. Pass Journal entries to give to the effect to the above arrangement. 4
- 26 Minu, Geetha and Sheen were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. On 31st March, 2022, Geetha retired. After making all adjustments on account of reserves, revaluation of assets and reassessment of stood at ₹5,00,000. Minu and Sheen agreed to pay Geetha ₹5,90,000 in full settlement of her claim. 4

Calculate the value of goodwill of the firm and Pass necessary journal entry for the treatment of goodwill. Show workings clearly.

- 27 Anu, Binu and Chinnu were partners in a firm sharing profits in the ratio 4 : 3 : 3. The firm was dissolved on 31-3-2022. Pass the necessary Journal entries for the following transactions after various assets (other than cash and bank) and third party liabilities had been transferred to Realisation Account: 4
- (i) The firm had stock of ₹80,000. Anu took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.
  - (ii) A liability under a suit for damages included in creditors was settled at ₹32,000 as against only ₹13,000 provided in the books. Total creditors of the firm were ₹50,000.
  - (iii) There was no reserve created for workmen compensation, however liability was ₹5,000.
  - (iv) Chinnu's Loan of ₹12,000 was settled at ₹12,500.

- 28 Harish and Gopal were partners in a firm sharing profits in the ratio of 4: 1. On 31st March, 2022, their Balance Sheet was as follows: 6

**Balance Sheet of Harish and Gopal as on March 31, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	36,000	Cash	47,000
Outstanding Expense	10,000	Bank	93,000
Gopal's wife's Loan	50,000	Debtors	76,000
Capitals:		Stock	2,00,000
Harish 2,80,000		Furniture	20,000
Gopal 1,60,000	4,40,000	Leasehold Premises	1,00,000
	<b>5,36,000</b>		<b>5,36,000</b>

On the above date the firm was dissolved. The various assets were realized and liabilities were settled as under:

- Gopal agreed to pay his wife's loan.
- Leasehold premises realised ₹1,50,000 and Debtors ₹12,000 less.
- Half of the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 10% less.
- 50% stock was taken over by Harish on payment by cheque of ₹90,000 and remaining stock was sold for ₹94,000.
- Realization expenses of ₹12,800 were paid by Gopal on behalf of the firm.

Prepare Realisation Account.

- 29 Deena, Eleen and Feeba were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. Their partnership deed provided for the following : 6

- Interest on capital @ 5% p.a.
- Interest on drawing @ 12% p.a.
- Interest on partners' loan @ 6% p.a.
- Deena was allowed an annual salary of ₹4,000; Eleen was allowed a commission of 10% of net profit as shown by Profit and Loss Account.

Their fixed capitals were

Deena : ₹5,00,000

Eleen : ₹8,00,000

Feeba : ₹4,00,000.

On 1st April, 2021 Eleen extended a loan of ₹1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2022 before interest on Eleen's loan was ₹3,06,000.

Prepare Profit and Loss Appropriation Account of Deena, Eleen and Feeba for the year ended 31st March, 2022 assuming that Eleen withdrew ₹5,000 at the end of each month, Deena withdrew ₹10,000 at the end of each quarter and Feeba withdrew ₹40,000 at the end of each half year.

- 30 The Balance Sheet of Vinu, Minu and Linu who were sharing profits in the ratio of 2 : 2 : 1 as at 31st March, 2021 was as follows : 6

**Balance Sheet of Vinu, Minu and Linu as on 31st March, 2021**

Liabilities	Amount ₹	Assets	Amount ₹
General Reserve	25,000	Fixed Assets	5,50,000
Bills Payable	15,000	Stock	80,000
Loan from Bank	40,000	Debtors	50,000
Capitals:		Cash	1,00,000
Vinu 3,00,000			
Minu 2,50,000			
Linu <u>1,50,000</u>	7,00,000		
	<u>7,80,000</u>		<u>7,80,000</u>

Linu died on 1st October, 2021. The partnership deed provided for the following on the death of a partner:

- Interest on capital was to be provided @ 10% p.a.
- Goodwill of the firm is valued on three years' purchase of average profits of last four years.
- The average profits of the last four years were ₹20,000.
- The profit for the year ending 31st March, 2021 was ₹60,000.
- Linu's executors were paid ₹30,500 on 2<sup>nd</sup> October and the balance transferred to linu's executors A/c

Journalise the above transactions

- 31 On 31st March, 2022 the Balance Sheet of A and B, who were sharing profits in the ratio of 3 : 2 was as follows :

**Balance Sheet of A and B as at 31st March, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	30,000	Cash at Bank	20,000
Investment Fluctuation Fund	12,000	Sundry Debtors 85,000	
General Reserves	25,000	Less Provisions <u>(5,000)</u>	80,000
Capitals:		Stock	1,30,000
A 1,60,000		Investment	60,000
B <u>1,40,000</u>	3,00,000	Furniture	77,000
	<u>3,67,000</u>		<u>3,67,000</u>

On 1st April, 2022, they decided to admit C as a new partner for 1/5<sup>th</sup> share in the profits on the following terms :

- C brought ₹1,00,000 as his capital and ₹50,000 as his share of premium for goodwill. A & B decided to withdraw half of their share of goodwill.
- Outstanding salaries of ₹2,000 are provided for.

- (iii) The market value of investments was ₹50,000.
- (iv) A debtor whose dues of ₹18,000 were written off as bad debts paid ₹12,000 in full settlement.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm

**OR**

X and Y were partners sharing profits and losses in the ratio of 3:2. Their Balance sheet as at 31<sup>st</sup> March 2022 was as follows

**Balance Sheet of X and Y as at March 31, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	40,000	Cash	9,000
Outstanding Expenses	15,000	Debtors	37,600
WCR	50,000	Provision	(1,600)
Capitals:		Stock	60,000
X 1,10,000		Furniture	20,000
Y <u>50,000</u>	1,60,000	Leasehold Premises	1,40,000
	<b><u>2,65,000</u></b>		<b><u>2,65,000</u></b>

Z was admitted on the above date as a new partner for 1/6<sup>th</sup> share in the profits of the firm. The terms of agreement were as follows:

1. Z will bring ₹40,000 as capital and capital of new firm will be adjusted on the capital of incoming partner by opening current account
2. Z will bring share of goodwill premium for ₹12,000 in cash.
3. The lease hold premises was overvalued by ₹15,000 and stock by ₹3,000
4. All debtors were proved good.

Journalise the above transaction

- 32 Heena , Meena and Tina are partners in a firm sharing profits and losses equally. Their Balance sheet on April 1<sup>st</sup> 2022 was as follows 8

**Balance Sheet of Heena, Meena & Tina as on 1<sup>st</sup> April 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Bills Payable	12,000	Bank	7,000
Sundry Creditors	18,000	Sundry Debtors	20,000
General Reserves	12,000	Less Provisions	(1,000)
Capitals:		Stock	22,000
Heena	30,000	Furniture	12,000
Meena	30,000	Machinery	30,000
Tina	28,000	Buildings	40,000
	<b><u>1,30,000</u></b>		<b><u>1,30,000</u></b>

Tina retired from the firm on the above date and the following was agreed upon:

- (i) Building was to be appreciated by 20%
- (ii) Machinery was to be depreciated by ₹1,500.
- (iii) Provision for doubtful debts was to be increased to ₹1,500.
- (iv) Goodwill was valued at ₹21,000 on Tina's retirement and the same was to be treated without opening goodwill account
- (v) The balance in Tina's Capital account will be transferred to her Loan account.
- (vi) Total capital of new firm is fixed ₹70,000

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm

**OR**

X, Y and Z were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. On 31st March, 2022 their Balance Sheet was as follows :

**Balance Sheet of X, Y and Z as at 31st March, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	34,000	Bank	1,74,000
Bills Payable	29,000	Sundry Debtors	2,00,000
General Reserve	2,00,000	Bills receivable	26,000
Capitals:		Stock	1,50,000
X        3,00,000		Furniture	1,28,000
Y        3,00,000		Machinery	2,00,000
Z <u>4,00,000</u>	10,00,000	Land & Buildings	3,85,000
	<u>12,63,000</u>		<u>12,63,000</u>

On the above date, Z retired on the following terms:

- (i) A provision of 3% on debtors will be created for bad and doubtful debts.
- (ii) Stock will be reduced by ₹5,000 and furniture by ₹2,000.
- (iii) Land and building will be brought up to ₹4,00,000 and machinery will be brought down to ₹1,80,000.
- (iv) An unrecorded creditor of ₹2,000 will be recorded.
- (v) Goodwill of the firm on Z's retirement was valued at ₹5,00,000.
- (vi) X & Y will share future profits in the ratio of 3: 2.

**Journalise the above transactions in the books of firm on Z retirement**

**End of the Question Paper**



V/da

Roll Number

SET

B



INDIAN SCHOOL MUSCAT  
HALF YEARLY EXAMINATION  
ACCOUNTANCY (055)

CLASS: XII

Time Allotted: 03 Hrs.

11.09.2022

Max. Marks: 80

GENERAL INSTRUCTIONS

- This Question paper contains 32 Questions
- Questions from 1 to 20 carry 1 mark each
- Questions 21 and 22 carry 3 marks each
- Questions from 23 to 27 carry 4 marks each
- Questions from 28 to 30 carry 6 marks each
- Question 31 and 32 carry 8 marks each
- Internal choices are for questions 23, 31 and 32
- All questions are compulsory

- Why is purchased goodwill accounted in the books of account? 1
- Ram and Shyam were partners in a firm sharing profits and losses in the ratio of 3:1. With effect from 1<sup>st</sup> January 2022 they agreed to share profits in the ratio of 2:1. Find out Shyam's share of gain or sacrifice 1
  - Gain 1/12
  - Sacrifice 1/12
  - Gain 2/60
  - Sacrifice 3/60
- State any one right acquired by newly admitted partners? 1
- The total amount credited to a retiring partner in his capital account is ₹2,00,000. He took investment at ₹55,000 and 20% of the debtors. The balance amount transferred to his loan account is ₹1,25,000. What is the total value of the Debtors? 1
  - ₹1,00,000
  - ₹90,000
  - ₹80,000
  - ₹1,10,000
- Diya, Riya and Tiya were partners sharing profits and losses in the ratio of 2 : 3 : 5. Tiya died on 28th November, 2021. Her share of profit was taken equally by Diya and Riya. Diya's share of profit in the new firm will be..... 1

- 6 What is the status of Partnership from an accounting view point? 1
- 7 Kavita and Kannan are partners in a firm sharing profits and losses in the ratio of 4:1. On 1<sup>st</sup> April 2021, they admitted Mohit for 1/4<sup>th</sup> share in the profits of the firm. The balance sheet of Kavita and Kannan showed stock at ₹45,000. On admission of a new partner, the stock was found undervalued by 10%. The journal entry to give effect to the above adjustment of Mohit's admission will be : 1
- |   |                                    | ₹     | ₹     |
|---|------------------------------------|-------|-------|
| A | Revaluation A/c Dr<br>To Stock A/c | 5,000 | 5,000 |
| B | Stock A/c Dr<br>To Revaluation A/c | 4,500 | 4,500 |
| C | Stock A/c Dr<br>To Revaluation A/c | 5,000 | 5,000 |
| D | Revaluation A/c Dr<br>To Stock A/c | 4,500 | 4,500 |
- 8 Retiring partner is compensated by the continuing partners in their 1
- Gaining ratio
  - Capital Ratio
  - Sacrificing ratio
  - Profit sharing ratio
- 9 Rohit , Param and Kevin were partners sharing profits and losses in the ratio of 2:2:1. Kevin died on 1<sup>st</sup> June 2021. Profits and Sales for the year ended 31<sup>st</sup> March 2021 were ₹1,00,000 and ₹10,00,000 respectively. Sales during April to 1<sup>st</sup> June 2021 were ₹1,50,000. Calculate share of profit to Kevin till the date of his death? 1
- 10 At the time of dissolution , if realised amount of an asset is not given, the realised value should be considered as 1
- Book value
  - Market value
  - Nil
  - Depreciated value
- 11 How does the factor nature of business affect the Goodwill of a firm? 1
- 12 Which of the following statement is correct? 1
- Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in their sacrificing ratio.
  - Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in their gaining ratio.
  - Goodwill at the time of retirement of a partner is debited to remaining Partner's Capital Accounts in their new profit sharing ratio.
  - Goodwill at the time of retirement of a partner to the extent of retiring

- 13 State any two deductions that may have to be made from the amount payable to the legal representative of a deceased partner. 1
- 14 Bank Loan ₹31,000 was paid against ₹30,000 at the time of dissolution. Journalise the transaction 1
- 15 Identify a situation, under which the court may order for a dissolution of a partnership firm. 1
- 16 Which of the following does not result into reconstitution of a firm? 1
- Dissolution of partnership firm
  - Dissolution of partnership
  - Change in profit sharing ratio among partners
  - Death of partner
- 17 Differentiate between Dissolution of Partnership and Dissolution of the partnership firm on the basis of assets and liabilities. 1
- 18 At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner, in absence of any agreement among partners, when (s)he opts for interest and not share of profit. 1
- 7.5%
  - 6%
  - 12%
  - 5%
- 19 Leela and Meeta were partners in a firm sharing profits and losses in the ratio of 7:3. Geeta was admitted as a new partner for a  $\frac{3}{13}$ <sup>th</sup> share in the profits of the firm. The new profit sharing ratio will be 1
- 7:3:7
  - 7:3:3
  - 3:7:7
  - 1:1:1
- 20 On dissolution, goodwill A/c is transferred to ..... 1
- 21 Jay and Helen were partners in a firm with total capital of ₹7,00,000. The normal rate of return was 20% and the average profit was ₹1,50,000 . Calculate goodwill of the firm by capitalization of average profits method. 3
- 22 Anil and Binil have capitals of ₹6,00,000 and ₹4,00,000 respectively and interest on capital is to be allowed at 10% p.a. Their profit sharing ratio is 3:2 and net profit for the year is ₹50,000. Prepare Profit and loss Appropriation A/c to distribute the profit. 3
- 23 P, Q and R are partners sharing profits and losses in the ratio of 2:3:5. They decide to share future profits and losses in the ratio of 5:3:2. They also decided to record the effect of the following without affecting their book values: 4

Particulars	₹
Profit & Loss A/c (Cr)	60,000
General Reserve	40,000
Advertisement Suspense A/c	30,000

You are required to pass a necessary Journal Entry to record the above transactions in the books of the firm.

- 24 Anu, Binu and Chinnu were partners in a firm sharing profits in the ratio 4 : 3 : 3. The firm was dissolved on 31-3-2022. Pass the necessary Journal entries for the following transactions after various assets (other than cash and bank) and third party liabilities had been transferred to realisation Account : 4
- The firm had stock of ₹80,000. Anu took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.
  - A liability under a suit for damages included in creditors was settled at ₹32,000 as against only ₹13,000 provided in the books. Total creditors of the firm were ₹50,000.
  - There was no compensation reserve created for workmen, however liability was ₹2,000.
  - Chinnu's Loan of ₹12,000 was settled at ₹12,500.
- 25 Madhu and Vidhi are partners sharing profits in the ratio of 2:1. They admitted Shoba for 2/5<sup>th</sup> share in profits. Shoba brings on ₹30,000 for her capital and ₹8,000 out of her share of ₹10,000 for goodwill. Before admission, goodwill existed in the book at ₹18,000. Pass Journal entries to give to the effect to the above arrangement. 4
- 26 A, B and C were partners in a firm. On 1st April, 2021 the balance in their capital accounts stood at ₹8,00,000, ₹6,00,000 and ₹4,00,000 respectively. As per the provisions of the partnership deed, partners were entitled to interest on capital @ 5% p.a., salary to B ₹3,000 per month and a commission of ₹12,000 to C. A's share of profit, excluding interest on capital, was guaranteed at ₹25,000 p.a. B's share of profit, including interest on capital but excluding salary was guaranteed at ₹55,000 p.a. Any deficiency arising on that account was to be met by C. The profits of the firm for the year ending 31st March, 2022 amounted to ₹2,16,000. 4
- Prepare a necessary ledger account to show the distribution of profit for the year ending 31st March, 2022
- OR**
- Alia, Bhanu and Chand were partners in a firm, 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:
- Alia and Chand were entitled to a salary of ₹1,500 each p.m.
  - 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.
- 27 Minu, Geetha and Sheen were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. On 31st March, 2022, Geetha retired. After making all adjustments on account of reserves, revaluation of assets and reassessment of liabilities adjusted capital stood at ₹5,00,000. Minu and Sheen agreed to pay Geetha ₹5,90,000 in full settlement of her claim. 4

Calculate the value of goodwill of the firm and Pass necessary journal entry for the treatment of goodwill related to Geetha's retirement. Show workings clearly.

- 28 The Balance Sheet of Vinu, Minu and Linu who were sharing profits in the ratio of 2 : 2 : 1 as at 31st March, 2021 was as follows :

**Balance Sheet of Vinu, Minu and Linu as on 31st March, 2021**

Liabilities	Amount ₹	Assets	Amount ₹
General Reserve	25,000	Fixed Assets	5,50,000
Bills Payable	15,000	Stock	80,000
Loan from Bank	40,000	Debtors	50,000
Capitals:		Cash	1,00,000
Vinu 3,00,000			
Minu 2,50,000			
Linu <u>1,50,000</u>	7,00,000		
	<u>7,80,000</u>		<u>7,80,000</u>

Linu died on 1st October, 2021. The partnership deed provided for the following on the death of a partner :

- Interest on capital was to be provided @ 10% p.a.
- Goodwill of the firm is valued on three years' purchase of average profits of last four years.
- The average profits of the last four years were ₹20,000.
- The profit for the year ending 31st March, 2021 was ₹60,000.
- Linu's executors were paid ₹30,500 on 2<sup>nd</sup> October and the balance transferred to Linu's executors A/c

Journalise the above transactions

- 29 Harish and Gopal were partners in a firm sharing profits in the ratio of 4: 1. On 31st March, 2022, their Balance Sheet was as follows :

**Balance Sheet of Harish and Gopal as at March 31, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	36,000	Cash	47,000
Outstanding Expense	10,000	Bank	93,000
Gopal's wife's Loan	50,000	Debtors	76,000
Capitals:		Stock	2,00,000
Harish 2,80,000		Furniture	20,000
Gopal <u>1,60,000</u>	4,40,000	Leasehold Premises	1,00,000
	<u>5,36,000</u>		<u>5,36,000</u>

On the above date the firm was dissolved. The various assets were realized and liabilities were settled as under :

- Gopal agreed to pay his wife's loan.
- Leasehold premises realised ₹1,50,000 and Debtors ₹12,000 less.

- (iii) Half of the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half-agreed to accept 10% less.
- (iv) 50% stock was taken over by Harish on payment by cheque of ₹90,000 and remaining stock was sold for ₹94,000.
- (v) Realization expenses of ₹12,800 were paid by Gopal on behalf of the firm.

Prepare Realization Account.

- 30 Deena, Eleen and Feeba were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. Their partnership deed provided for the following :

- (i) Interest on capital @ 5% p.a.  
(ii) Interest on drawing @ 12% p.a.  
(iii) Interest on partners' loan @ 6% p.a.  
(iv) Deena was allowed an annual salary of ₹4,000; Eleen was allowed a commission of 10% of net profit as shown by Profit and Loss Account.

Their fixed capitals were

Deena : ₹5,00,000

Eleen : ₹8,00,000

Feeba : ₹4,00,000.

On 1st April, 2021 Eleen extended a loan of ₹1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2022 before interest on Eleen's loan was ₹3,06,000.

Prepare Profit and Loss Appropriation Account of Deena, Eleen and Feeba for the year ended 31st March, 2022 assuming that Eleen withdrew ₹5,000 at the end of each month, Deena withdrew ₹10,000 at the end of each quarter and Feeba withdrew ₹40,000 at the end of each half year.

- 31 Heena, Meena and Tina are partners in a firm sharing profits and losses equally. Their Balancesheet on April 1<sup>st</sup> 2022 was as follows

**Balance Sheet of Heena, Meena & Tina as on 1<sup>st</sup> April 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Bills Payable	12,000	Bank	7,000
Sundry Creditors	18,000	Sundry Debtors	20,000
General Reserves	12,000	Less Provisions	(1,000)
Capitals:		Stock	22,000
Heena	30,000	Furniture	12,000
Meena	30,000	Machinery	30,000
Tina	28,000	Buildings	40,000
	<b>1,30,000</b>		<b>1,30,000</b>

Tina retired from the firm on the above date and the following was agreed upon:

- (i) Building was to be appreciated by 20%  
(ii) Machinery was to be depreciated by ₹1,500.  
(iii) Provision for doubtful debts was to be increased to ₹1,500.  
(iv) Goodwill was valued at ₹21,000 on Tina's retirement and the same was to be treated without opening goodwill account

(v) The balance in Tina's Capital account will be transferred to her Loan account.

(vi) Total capital of new firm is fixed ₹70,000

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm

OR

X, Y and Z were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. On 31st March, 2022 their Balance Sheet was as follows :

**Balance Sheet of X, Y and Z as on 31st March, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	34,000	Bank	1,74,000
Bills Payable	29,000	Sundry Debtors	2,00,000
General Reserve	2,00,000	Bills receivable	26,000
Capitals:		Stock	1,50,000
X 3,00,000		Furniture	1,28,000
Y 3,00,000		Machinery	2,00,000
Z <u>4,00,000</u>	10,00,000	Land & Buildings	3,85,000
	<u>12,63,000</u>		<u>12,63,000</u>

On the above date, Z retired on the following terms :

(i) A provision of 3% on debtors will be created for bad and doubtful debts.

(ii) Stock will be reduced by ₹5,000 and furniture by ₹2,000.

(iii) Land and building will be brought up to ₹4,00,000 and machinery will be brought down to ₹1,80,000.

(iv) An unrecorded creditor of ₹2,000 will be recorded.

(v) Goodwill of the firm on Z's retirement was valued at ₹5,00,000.

(vi) X & Y will share future profits in the ratio of 3 : 2.

Journalise the above transactions in the books of firm on Z retirement

- 32 On 31st March, 2022 the Balance Sheet of A and B, who were sharing profits in the ratio of 3 : 2 was as follows :

**Balance Sheet of A and B as on 31st March, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	30,000	Cash at Bank	20,000
Investment Fluctuation Fund	12,000	Sundry Debtors 85,000	
General Reserves	25,000	Less Provisions <u>(5,000)</u>	80,000
Capitals:		Stock	1,30,000
A 1,60,000		Investment	60,000
B <u>1,40,000</u>	3,00,000	Furniture	77,000
	<u>3,67,000</u>		<u>3,67,000</u>

On 1st April, 2022, they decided to admit C as a new partner for  $\frac{1}{5}$ th share in the profits on the following terms :

- (i) C brought ₹1,00,000 as his capital and ₹50,000 as his share of premium for goodwill. A & B decided to withdraw half of their share of goodwill.
- (ii) Outstanding salaries of ₹2,000 are provided for.
- (iii) The market value of investments was ₹50,000.
- (iv) A debtor whose dues of ₹18,000 were written off as bad debts paid ₹12,000 in full settlement.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm

**OR**

X and Y were partners sharing profits and losses in the ratio of 3:2. Their Balance sheet as at 31<sup>st</sup> March 2022 was as follows

**Balance Sheet of X and Y as on March 31, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	40,000	Cash	9,000
Outstanding Expenses	15,000	Debtors	37,600
WCR	50,000	Provision	(1,600)
Capitals:		Stock	60,000
X 1,10,000		Furniture	20,000
Y <u>50,000</u>	1,60,000	Leasehold Premises	1,40,000
	<u>2,65,000</u>		<u>2,65,000</u>

Z was admitted on the above date as a new partner for 1/6<sup>th</sup> share in the profits of the firm. The terms of agreement were as follows:

1. Z will bring ₹40,000 as capital and capital of a new firm will be adjusted on the capital of incoming partner by opening current account
  2. Z will bring share of goodwill premium for ₹12,000 in cash.
  3. The lease hold premises was overvalued by ₹15,000 and stock by ₹3,000
  4. All debtors were proved good.
- Journalise the above transaction

**End of the Question Paper**



Roll Number

SET

C



INDIAN SCHOOL MUSCAT  
HALF YEARLY EXAMINATION  
ACCOUNTANCY(055)

CLASS: XII

Time Allotted: 03 Hrs.

11.09.2022

Max. Marks: 80

GENERAL INSTRUCTIONS

- (a) This Question paper contains 32 Questions
  - (b) Questions from 1 to 20 carry 1 mark each
  - (c) Questions 21 and 22 carry 3 marks each
  - (d) Questions from 23 to 27 carry 4 marks each
  - (e) Questions from 28 to 30 carry 6 marks each
  - (f) Question 31 and 32 carry 8 marks each
  - (g) Internal choices are for questions 23, 31 and 32
  - (h) All questions are compulsory
- 
- 1 Ram and Shyam were partners in a firm sharing profit and losses in the ratio of 3:1. With effect from 1<sup>st</sup> January 2022 they agreed to share profit in the ratio of 2:1. Find out Shyam's share of gain or sacrifice. 1
    - A. Gain  $\frac{1}{12}$
    - B. Sacrifice  $\frac{1}{12}$
    - C. Gain  $\frac{2}{60}$
    - D. Sacrifice  $\frac{3}{60}$
  - 2 What is the status of Partnership from an accounting viewpoint? 1
  - 3 Retiring partner is compensated by the continuing partners in their 1
    - A. Gaining ratio
    - B. Capital Ratio
    - C. Sacrificing ratio
    - D. Profit sharing ratio
  - 4 How does the factor favourable location affect the Goodwill of a firm? 1
  - 5 Bank Loan ₹30,000 was paid against ₹30,000 at the time of dissolution. Journalise the transaction 1
  - 6 Which of the following does not result into reconstitution of a firm? 1
    - A. Dissolution of partnership firm
    - B. Dissolution of partnership
    - C. Change in profit sharing ratio among partners
    - D. Death of partner

- 7 Differentiate between Dissolution of Partnership and Dissolution of the partnership firm on the basis of economic relationship. 1
- 8 At what rate is interest payable on the amount remaining unpaid to the executor of the deceased partner, in absence of any agreement among partners, when (s)he opts for interest and not share of profit. 1
- A. 7.5%
  - B. 6%
  - C. 12%
  - D. 5%
- 9 Identify a situation, under which court may order for dissolution of a partnership firm. 1
- 10 Leela and Meeta were partners in a firm sharing profits and losses in the ratio of 7:3. Geeta was admitted as new partner for a  $\frac{3}{13}$ <sup>th</sup> share in the profits of the firm. The new profit sharing ratio will be 1
- A. 7:3:7
  - B. 7:3:3
  - C. 3:7:7
  - D. 1:1:1
- 11 Why is purchased goodwill accounted in the books of account? 1
- 12 The total amount credited to a retiring partner in his capital account is ₹2,00,000. He took investment at ₹55,000 and 20% of the debtors. The balance amount transferred to his loan account is ₹1,25,000. What is the total value of the Debtors? 1
- A. ₹1,00,000
  - B. ₹90,000
  - C. ₹80,000
  - D. ₹1,10,000
- 13 Which of the following statement is correct? 1
- A. Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in their sacrificing ratio.
  - B. Goodwill at the time of retirement of a partner is credited to remaining Partner's Capital Accounts in their gaining ratio.
  - C. Goodwill at the time of retirement of a partner is debited to remaining Partner's Capital Accounts in their new profit sharing ratio.
  - D. Goodwill at the time of retirement of a partner to the extent of retiring Partner's share is debited to remaining partners' Capital Accounts in their gaining ratio.
- 14 State any two deductions that may have to be made from the amount payable to the legal representative of a deceased partner. 1

- 15 On dissolution, goodwill A/c is transferred to ..... 1
- 16 State any one right acquired by newly admitted partners? 1
- 17 Diya, Riya and Tiya were partners sharing profits and losses in the ratio of 2 : 3 : 5. Tiya died on 28th November, 2021. Her share of profit was taken equally by Diya and Riya. Diya's share of profit in the new firm will be..... 1
- 18 Kavita and Kannan are partners in a firm sharing profits and losses in the ratio of 4:1. On 1<sup>st</sup> April 2021, they admitted Mohit for 1/4<sup>th</sup> share in the profits of the firm. The balance sheet of Kavita and Kannan showed stock at ₹45,000. On admission of new partner, the stock was found undervalued by 10%. The journal entry to give effect to the above adjustment of Mohit's admission will be : 1
- |   |                                    | ₹     | ₹     |
|---|------------------------------------|-------|-------|
| A | Revaluation A/c Dr<br>To Stock A/c | 5,000 | 5,000 |
| B | Stock A/c Dr<br>To Revaluation A/c | 4,500 | 4,500 |
| C | Stock A/c Dr<br>To Revaluation A/c | 5,000 | 5,000 |
| D | Revaluation A/c Dr<br>To Stock A/c | 4,500 | 4,500 |
- 19 Rohit , Param and Kevin were partners sharing profits and losses in the ratio of 2:2:1. Kevin died on 31<sup>st</sup> July 2021. Profit and Sales for the year ended 31<sup>st</sup> March 2021 were ₹1,00,000 and ₹10,00,000 respectively. Sales during April to July 2021 were ₹1,50,000. Calculate share of profit to Kevin till the date of his death? 1
- 20 At the time of dissolution , if realised amount of an asset is not given, the realised value should be considered as: 1
- Book value
  - Market value
  - Nil
  - Depreciated value
- 21 Anil and Binl have capitals of ₹6,00,000 and ₹4,00,000 respectively and interest on capital is to be allowed at 10% p.a. Their profit sharing ratio is 3:2 and net profit for the year is ₹50,000. Prepare Profit and loss Appropriation A/c to distribute the profit. 3
- 22 Jay and Helen were partners in a firm with total capital of ₹7,00,000. The normal rate of return was 20% and the average profit was ₹1,50,000 . Calculate goodwill of the firm by capitalization of average profits method? 3
- 23 Anu, Binu and Chinnu were partners in a firm sharing profits in the ratio 4 : 3 : 3. The firm was dissolved on 31-3-2022. Pass the necessary Journal entries for the following transactions after 4

various assets (other than cash and bank) and third party liabilities had been transferred to Realisation Account :

- (i) The firm had stock of ₹80,000. Anu took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.
- (ii) A liability under a suit for damages included in creditors was settled at ₹32,000 as against only ₹13,000 provided in the books. Total creditors of the firm were ₹50,000.
- (iii) There was no reserve created for workmen compensation, however liability was ₹5,000.
- (iv) Chinnu's Loan of ₹12,000 was settled at ₹12,500.

- 24 Minu, Geetha and Sheen were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. On 31st March, 2022, Geetha retired. After making all adjustments on account of reserves, revaluation of assets and reassessment of stood at ₹5,00,000. Minu and Sheen agreed to pay Geetha ₹5,90,000 in full settlement of her claim. 4

Calculate the value of goodwill of the firm and Pass necessary journal entry for the treatment of goodwill. Show workings clearly.

- 25 Madhu and Vidhi are partners sharing profit in the ratio of 2:1. They admitted Shoba for 2/5<sup>th</sup> share in profits. Shoba brings on ₹30,000 for her capital and ₹8,000 out of her share of ₹10,000 for goodwill. Before admission, goodwill existed in the book at ₹18,000. Pass Journal entries to give to the effect to the above arrangement. 4

- 26 P, Q and R are partners sharing profits and losses in the ratio of 2:3:5. They decide to share future profit and losses in the ratio of 5:3:2. They also decided to record the effect of the following without affecting their book values: 4

Particulars	₹
Profit & Loss A/c (Cr)	15,000
General Reserve	10,000
Advertisement Suspense A/c	7,000

You are required to pass a necessary Journal Entry to record the above transactions in the books of the firm.

- 27 A, B and C were partners in a firm. On 1st April, 2021 the balance in their capital accounts stood at ₹8,00,000, ₹6,00,000 and ₹4,00,000 respectively. As per the provisions of the partnership deed, partners were entitled to interest on capital @ 5% p.a., salary to B ₹3,000 per month and a commission of ₹12,000 to C. A's share of profit, excluding interest on capital, was guaranteed at ₹25,000 p.a. B's share of profit, including interest on capital but excluding salary was guaranteed at ₹55,000 p.a. Any deficiency arising on that account was to be met by C. The profits of the firm for the year ending 31st March, 2022 amounted to ₹2,16,000. 4

Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2022

OR

Alia, Bhanu and Chand were partners in a firm, 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 p.m.

(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.

- 28 Deena, Eleen and Feeba were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. 6  
Their partnership deed provided for the following :

(i) Interest on capital @ 5% p.a.

(ii) Interest on drawing @ 12% p.a.

(iii) Interest on partners' loan @ 6% p.a.

(iv) Deena was allowed an annual salary of ₹4,000; Eleen was allowed a commission of 10% of net profit as shown by Profit and Loss Account.

Their fixed capitals were

Deena : ₹5,00,000

Eleen : ₹8,00,000

Feeba : ₹ 4,00,000.

On 1st April, 2021 Eleen extended a loan of ₹1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2022 before interest on Eleen's loan was ₹3,06,000.

Prepare Profit and Loss Appropriation Account of Deena, Eleen and Feeba for the year ended 31st March, 2022 assuming that Eleen withdrew ₹5,000 at the end of each month, Deena withdrew ₹10,000 at the end of each quarter and Feeba withdrew ₹40,000 at the end of each half year.

- 29 The Balance Sheet of Vinu, Minu and Linu who were sharing profits in the ratio of 2 : 2 : 1 as at 31st March, 2021 was as follows : 6

**Balance Sheet of Vinu, Minu and Linu as at 31st March, 2021**

Liabilities	Amount ₹	Assets	Amount ₹
General Reserve	25,000	Fixed Assets	5,50,000
Bills Payable	15,000	Stock	80,000
Loan from Bank	40,000	Debtors	50,000
Capitals:		Cash	1,00,000
Vinu 3,00,000			
Minu 2,50,000			
Linu 1,50,000	7,00,000		
	<b><u>7,80,000</u></b>		<b><u>7,80,000</u></b>

Linu died on 1st October, 2021. The partnership deed provided for the following on the death of a partner :

(i) Interest on capital was to be provided @ 10% p.a.

(ii) Goodwill of the firm is valued on three years' purchase of average profits of last four years.

(iii) The average profits of the last four years were ₹ 20,000.

(iv) The profit for the year ending 31st March, 2021 was ₹ 60,000.

(v) Linu's executors were paid ₹30,500 on 2<sup>nd</sup> October and the balance transferred to linu's executors A/c

Journalise the above transactions

- 30 Harish and Gopal were partners in a firm sharing profits in the ratio of 4: 1. On 31st March, 2022, their Balance Sheet was as follows : 6

**Balance Sheet of Harish and Gopal as at March 31, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	36,000	Cash	47,000
Outstanding Expense	10,000	Bank	93,000
Gopal's wife's Loan	50,000	Debtors	76,000
Capitals:		Stock	2,00,000
Harish 2,80,000		Furniture	20,000
Gopal <u>1,60,000</u>	4,40,000	Leasehold Premises	1,00,000
	<u>5,36,000</u>		<u>5,36,000</u>

On the above date the firm was dissolved. The various assets were realized and liabilities were settled as under :

- Gopal agreed to pay his wife's loan.
- Leasehold premises realised ₹1,50,000 and Debtors ₹12,000 less.
- Half of the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 10% less.
- 50% stock was taken over by Harish on payment by cheque of ₹90,000 and remaining stock was sold for ₹94,000.
- Realization expenses of ₹12,800 were paid by Gopal on behalf of the firm.

Prepare Realisation Account.

- 31 On 31st March, 2022 the Balance Sheet of A and B, who were sharing profits in the ratio of 3 : 2 was as follows : 8

**Balance Sheet of A and B as at 31st March, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	30,000	Cash at Bank	20,000
Investment Fluctuation Fund	12,000	Sundry Debtors 85,000	
General Reserves	25,000	Less Provisions <u>(5,000)</u>	80,000
Capitals:		Stock	1,30,000
A 1,60,000		Investment	60,000
B <u>1,40,000</u>	3,00,000	Furniture	77,000
	<u>3,67,000</u>		<u>3,67,000</u>

On 1st April, 2022, they decided to admit C as a new partner for 1/5<sup>th</sup> share in the profits on the following terms :

- C brought ₹1,00,000 as his capital and ₹50,000 as his share of premium for goodwill.
- A & B decided to withdraw half of their share of goodwill.
- Outstanding salaries of ₹2,000 are provided for.
- The market value of investments was ₹50,000.
- A debtor whose dues of ₹18,000 were written off as bad debts paid ₹12,000 in full settlement.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm

**OR**

X and Y were partners sharing profits and losses in the ratio of 3:2. Their Balance sheet as at 31<sup>st</sup> March 2022 was as follows

**Balance Sheet of X and Y as at March 31, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	40,000	Cash	9,000
Outstanding Expenses	15,000	Debtors 37,600	
WCR	50,000	Provision <u>(1,600)</u>	36,000
Capitals:		Stock	60,000
X 1,10,000		Furniture	20,000
Y <u>50,000</u>	1,60,000	Leasehold Premises	1,40,000
	<u>2,65,000</u>		<u>2,65,000</u>

Z was admitted on the above date as a new partner for 1/6<sup>th</sup> share in the profits of the firm. The terms of agreement were as follows:

1. Z will bring ₹40,000 as capital and capital of new firm will be adjusted on the capital of incoming partner by opening current account
2. Z will bring share of goodwill premium for ₹12,000 in cash.
3. The lease hold premises was overvalued by ₹15,000 and stock by ₹3,000
4. All debtors were proved good.

Journalise the above transaction

- 32 Heena , Meena and Tina are partners in a firm sharing profits and losses equally. Their Balance sheet on April 1<sup>st</sup> 2022 was as follows 8

**Balance Sheet of Heena, Meena & Tina as on 1<sup>st</sup> April 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Bills Payable	12,000	Bank	7,000
Sundry Creditors	18,000	Sundry Debtors 20,000	
General Reserves	12,000	Less Provisions (1,000)	19,000
Capitals:		Stock	22,000
Heena	30,000	Furniture	12,000
Meena	30,000	Machinery	30,000
Tina	28,000	Buildings	40,000
	<u>1,30,000</u>		<u>1,30,000</u>

Tina retired from the firm on the above date and the following was agreed upon:

- (i) Building was to be appreciated by 20%
- (ii) Machinery was to be depreciated by ₹1,500.
- (iii) Provision for doubtful debts was to be increased to ₹1,500.
- (iv) Goodwill was valued at ₹21,000 on Tina's retirement and the same was to be treated without opening goodwill account

(v) The balance in Tina's Capital account will be transferred to her Loan account.

(vi) Total capital of new firm is fixed ₹70,000

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm

**OR**

X, Y and Z were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. On 31st March, 2022 their Balance Sheet was as follows :

**Balance Sheet of X, Y and Z as at 31st March, 2022**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	34,000	Bank	1,74,000
Bills Payable	29,000	Sundry Debtors	2,00,000
General Reserve	2,00,000	Bills receivable	26,000
Capitals:		Stock	1,50,000
X        3,00,000		Furniture	1,28,000
Y        3,00,000		Machinery	2,00,000
Z <u>4,00,000</u>	10,00,000	Land & Buildings	3,85,000
	<u>12,63,000</u>		<u>12,63,000</u>

On the above date, Z retired on the following terms :

(i) A provision of 3% on debtors will be created for bad and doubtful debts.

(ii) Stock will be reduced by ₹5,000 and furniture by ₹2,000.

(iii) Land and building will be brought up to ₹4,00,000 and machinery will be brought down to ₹1,80,000.

(iv) An unrecorded creditor of ₹2,000 will be recorded.

(v) Goodwill of the firm on Z's retirement was valued at ₹5,00,000.

(vi) X & Y will share future profits in the ratio of 3: 2.

**Journalise the above transactions in the books of firm on Z retirement**

**End of the Question Paper**