APEEJAY SCHOOL, SAKET

MID TERM EXAMINATION

SESSION: 2024-2025

SET A

SUBJECT- ACCOUNTANCY CLASS- XII

Time: 3 Hrs Max.Marks:80

General Instructions:

1. This question paper contains 34 questions on 8 printed pages.
2. Read the question paper carefully.
3. All questions are compulsory.
4. Handwriting should be neat and legible.
5. Attempt all parts of a question together.
6. Marks are indicated against each question.

SECTION-A

1. Sohan and Rohan are partners with capitals of ₹ 20,00,000 and ₹ 16,00,000. The Partnership deed provides for interest on capital @10% p.a. if the firm earned profit of ₹ 2,70,000 for the year ended 31st March, 2024, then interest on capital credited to partner's capital account respectively was:
   a. ₹ 2,00,000 and ₹ 1,60,000
   b. ₹ 1,35,000 and ₹ 1,35,000
   c. No interest on capital was allowed and ₹ 1,20,000
   d. ₹ 1,50,000 and ₹ 1,20,000 1

2. Girdhar, a partner withdrew ₹ 5,000 in the beginning of each quarter and interest on drawings was calculated as ₹ 1,500 at the end of accounting year 31March 2022. What is the rate of interest on drawings charged?
   a. 6% p.a.
   b. 8% p.a.
   c. 10% p.a. 1
   d. 12% p.a.

3. A, B and C are partners sharing profits in the ratio of 2:2:1. B retired from the firm. At that time Goodwill of the firm was valued at ₹ 30,000. What contribution has to be made by A and C to pay B?
   a. ₹ 20,000 and ₹ 10,000
   b. ₹ 15,000 and ₹ 15,000
   c. ₹ 8,000 and ₹ 4,000 1
   d. ₹ 6,000 and ₹ 6,000

4. Sumit and Aditi are partners in a firm sharing profits equally. They admitted Suniti for 1/3rd share in profits. On admission debtor whose dues of ₹ 5,000 were earlier written off as bad-debts, paid ₹ 4,000 in full settlement. Bad debts recovered ₹ 4,000 will be debited to____and credited to________.
   a. Cash/Bank A/c, Revaluation A/c
   b. Bad debts recovered A/c, Bad debts A/c
   c. Cash/Bank A/c, Bad debts A/c 1
   d. Revaluation A/c, Bad debts recovered A/c

5. On the dissolution of a partnership firm there were debtors of ₹ 34,000. Debtors of ₹1,000 became bad and 60% was realized from the remaining debtors Which account will be debited and by how much amount on the realization from debtors?

a. Realization A/c by ₹ 33,000
b. Cash A/c by ₹ 19,800
c. Profit & Loss A/c by ₹ 1,000
d. Debtors A/c by ₹14,200 1

6. Vihaan and Mann are partners sharing profits and losses in the ratio of 3:2. The firm maintains fluctuating capital accounts and the balance of the same as on 31st March 2022 is ₹ 4,00,000 and ₹ 4,65,000 for Vihaan and Mann respectively. Drawings during the year were ₹ 65,000 each. As per the partnership Deed, Interest on capital @ 10% p.a. on Opening Capital has been allowed to them. Calculate the opening capital of Vihaan given that the divisible profits during the year 2021-22 was ₹ 2,25,000.
a. ₹ 3,30,000
b. ₹ 4,40,000
c. ₹ 4,00,000
d. ₹ 3,00,000 1

7. Weighted average method of calculating goodwill is used when:
a. Profits are not equal
b. Profits show a trend
c. Profits are fluctuating
d. Profits are fixed 1

8. The term "subscribed capital" refers to:
a. The capital invested by the shareholders
b. The total amount of capital the company is authorized to issue
c. The capital that has been paid by the shareholders
d. The capital that is yet to be paid by the shareholders 1

9. P and Q were partners sharing profits and losses in the ratio of 3 : 2. They decided that with effect from 1st January, 2023 they would share profits and losses in the ratio of 5: 3. Goodwill is valued at ₹1,28,000. In adjustment entry:
a. Cr. P by ₹ 3,200;Dr. Q by & 3,200
b. Cr. P by ₹ 37,000;Dr. Q by ₹ 37,000
c. Dr. P by ₹ 37,000; Cr. Q by ₹ 37,000
d. Dr. P by ₹ 3,200;Cr Q by ₹ 3,200 1

10. The term Number of Years' Purchase means
a. Number of years for which goodwill purchased will not help the firm in earning similar profits.
b. Number of years for which goodwill is purchased.
c. The number of years for which the firm is likely to earn similar profits after change in ownership because of the efforts put in the past.
d. Representation of super profits. 1

11. A and B are partners sharing profits in the ratio of 2: 3. Their Balance Sheet shows Machinery at ₹ 2,00,000; Stock at ₹ 80,000 and Debtors at ₹1,60,000. C is admitted and new profit-sharing ratio is agreed at 6: 9: 5. Machinery is revalued at ₹ 1,40,000 and a provision is made for doubtful debts @5%. A's share in loss on revaluation amount to ₹ 20,000. Revalued value of Stock will be:
a. ₹ 62,000
b. ₹ 60,000
c. ₹ 1,00,000
d. ₹ 98,000 1

ERTION- REASON BASED MCQ (Q11 to Q13)

12. Assertion (A):- Commission provided to partner is shown in Profit and Loss A/c.
Reason (R):- Commission provided to partner is an appropriation of profit and thus transferred to Profit and Loss Appropriation A/c.
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. 1

13. Assertion (A): Goodwill is considered as an intangible asset but not a fictitious asset.
Reason (R): Goodwill can neither be seen and touched nor it can be purchased or sold with any other asset.
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. 1

14. Assertion (A) : The court does not intervene when dissolution of partnership takes place.
Reason (R) : Dissolution of partnership takes place by mutual agreement between the partners.
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. 1

15. Ganga and Jamuna are partners sharing profits in the ratio of 2:1. They admit Saraswati for 1/5th 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?
a. ₹ 43,750
b. ₹ 37,500
c. ₹ 50,000
d. ₹ 40,000 1

16. The amount in the Securities Premium Account can be used for:
a. Buying fixed assets
b. Writing off unpaid dividends
c. Issuing bonus shares
d. Paying salaries 1

17. In which account are unrealized profits and losses shown?
a. Profit and Loss Account
b. Revaluation Account
c. Capital Account
d. Balance Sheet 1

18. Which account is debited when shares are issued for consideration other than cash?
a. Share Capital Account
b. Share Forfeiture Account
c. Asset Account
d. Securities Premium Account 1

19. Which of the following is true about the issue of shares at a discount? 1

   a. Shares can be issued at a discount only if they are fully paid-up.
   b. Shares can be issued at a discount only if authorized by the Articles of Association and the company's special resolution.
   c. Shares can be issued at a discount if the company is in a financial crisis.
   d. Shares cannot be issued at a discount.

20. In the dissolution of a partnership, if a partner's loan is repaid in full, how is it recorded? 1

   a. Debit the Partner's Loan Account
   b. Credit the Partner's Loan Account
   c. Debit the Partner's Capital Account
   d. Credit the Cash Account

21. A partnership firm earned net profits during the last three years as follows:

Year	Net profits
2021-22	₹35,000
2022-23	₹40,000
2023-24	₹45,000

The capital investment in the firm throughout the above-mentioned period has been ₹ 1,80,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. Calculate the value of goodwill on the basis of 2 years' purchase of average super profits earned during the above mentioned three years. 3

22. A and B are partners sharing profits in the ratio of 3:1. C is admitted in the firm for 1/3rd share of profits whereas A & B decided to share future profits equally. C brings ₹ 20,000 for his capital and ₹ 6,000 for his share of goodwill. No goodwill account is existing in the books of the old firm. Pass necessary journal entries for goodwill. 3

23. A & B are partners sharing profits in the ratio of 2:1. C is admitted in the firm for 1/4th share. At the time of C's admission, books of A & B were showing a General Reserve at ₹ 15,000 and Workmen's Compensation Fund at ₹ 10,000. Claim on workmen's compensation is estimated at ₹ 4,000. Give necessary journal entries for treatment of above funds at the time of C's admission. 3

24. A, B and C are partners sharing profits and losses in the ratio of 4:3:1. B retire selling his share to A and C for ₹ 8,100 out of which ₹ 3,600 being paid by A and ₹ 4,500 by C. Give necessary journal entries and calculate new profit-sharing ratio of A and C. 3

25. Sandesh Ltd. took over the assets of ₹ 7,00,000 and liabilities of ₹ 2,00,000 from Sanchar Ltd. for a purchase consideration of ₹ 4,59,500. ₹ 8,500 were paid by accepting a draft in favor of Sanchar Ltd. payable after three months and the balance was paid by issue of equity shares of ₹ 10 each at a premium of 10% in favor of Sanchar Ltd. Pass necessary journal entries for the above transactions in the books of Sandesh Ltd. 3

26. A, B, C and D are partners sharing profits and losses in the ratio of 3:3:2:1. D retires and A, B and C decide to share the future profits in the ratio of 3:2:1. Goodwill of the firm is valued at ₹ 3,00,000. give necessary journal entry without raising Goodwill Account. 3

27. Amay, Anmol and Rohan entered into partnership on 1st July, 2021 to share profits and losses in the ratio of 3:2:1. Amay guaranteed that Rohan's share of profit after charging interest on capital @ 6% p.a would not be less than ₹ 36,000 p.a. Their fixed capital balances are: ₹ 2,00,000, ₹ 1,00,000 and ₹ 1,00,000 respectively. Profit for the year ended 31st March, 2022 was ₹1,38,000.

are Profit and Loss Appropriation A/c. 4

A, B and C were partners sharing P&L in the ratio 5 : 3 : 2. A died on 30th June, 2019. Entry for treatment of goodwill was as follows:

Date	Particulars	LF	Debit (₹)	Credit (₹)
	B's Capital A/c Dr.		1,80,000	
	C's Capital A/c Dr.		1,20,000	
	To A's Capital A/c			3,00,000
	(Entry for goodwill treatment passed at the time of death of partner)			

A's profit till date of death was estimated as ₹1,20,000, based on the average profits of past three yea₹ Final dues payable to A's executors on the date of death was calculated as ₹ 8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him Furniture valued for thesame and balance was to be paid in three equal annual instalments starting from 30th June, 2020, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932.
Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors accounttill final settlement. 4

29. Lennova Ltd. has authorized share capital of₹ 1,00,00,000 divided into 1,00,000 Equity Shares of ₹ 100 each. It has existing issued and paid-up capital of ₹ 25,00,000. It further issued to public 25,000 Equity Shares at a premium of 20% for subscription payable as under:

On Application:	₹ 30
On Allotment:	₹ 60 and
On Call:	Balance Amount.

The issue was fully subscribed and allotment was made to all the applicants. The company did not make the call during the year.
Show share capital of the company in the Balance Sheet of the Company. 4

30. Amit, Sumit and Pavit were partners in a firm sharing profits and losses in the ratio of 2:2:1. TheirPartnership Deed provided for the following:
Interest on capitals @ 5% p.a.
Interest on drawings @ 12% p.a.
Interest on partners' loan @ 6% p.a.
Amit was allowed an annual salary of ₹4,000; Sumit was allowed a commission of 10% of net profitas shown by Profit & Loss Account and Pavit was guaranteed a profit of ₹1,50,000 after making all the adjustments as provided in the partnership agreement.
Their fixed capitals were Amit: ₹ 5,00,000; Sumit: ₹ 8,00,000 and Pavit: ₹ 4,00,000. On 1st April, 2016 Sumit extended a loan of ₹ 1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2017 before interest on Sumit's loan was ₹ 3,06,000.

Prepare Profit & Loss Appropriation Account for the year ended 31st March, assuming that Amit withdrew 5,000 at the end of each month, Sumit withdrew ₹ 10,000 at the end of each quarter and Pavit withdrew ₹ 40,000 at the end of each half year. 6

31. X and Y carrying on business in partnership and sharing profits and losses in the ratio of 7:3 respectively admitted Z as a new partner on 1st April 2023 when their balance sheet stood as follows:

Liabilities		₹	Assets		₹
Capital Accounts:			Cash in hand		36,000
X	50,000		Sundry Debtors	46,000	
Y	40,000	90,000	Less Provision	2,000	44,000
Bank Overdraft		20,000	Furniture		30,000
Creditors		40,000	Stock-in-trade		50,000
General Reserve		10,000			
		1,60,000			1,60,000

On 1st April 2023, Z joins the firm as a third partner 1/4th share of future profits on the following terms and conditions:

a) Goodwill is valued at ₹ 40,000 and Z is to bring the necessary amount in cash as premium for goodwill.
b) 20% of the reserve is to remain as a provision against bad and doubtful debts.
c) Stock-in-trade is to be reduced by 40% and furniture is to be reduced to 40%.
d) X is to pay off the Bank overdraft.
e) Z is to introduce ₹ 30,000 as his share of capital to which amount other partners' capitals shall have to be adjusted.

Show Revaluation Account, Partners' Capital Accounts and Cash Account and prepare an amended Balance Sheet of the firm immediately after Z has been admitted. 6

32. A, B and C were partners sharing profits and losses in the ratio of 5:3:2. On that date the Balance Sheet of the firm stood as below:

Liabilities	₹	Assets	₹
Sundry Creditors	26,500	Bank	10,000
Employees Provident Fund	3,500	Debtors	45,000
Contingency Reserve	15,000	Stock	55,000
A's Capital	1,00,000	Fixed Assets	1,25,000
B's Capital	50,000		
C's Capital	40,000		
	2,35,000		2,35,000

B retires on 1st April 2023. For the purpose, the following adjustments are agreed upon:

a) That goodwill be valued at ₹ 75,000.
b) That Fixed Assets be appreciated by 20%.
c) That Stock be reduced to ₹ 50,000.
d) That B be paid through cash brought in by A and C in such a way as to make their capitals proportionate to their new profit-sharing ratio which is to be 3:2.

Pass necessary journal entries and prepare Balance Sheet of the reconstituted firm. 6

33. A, B and C are running a hardware shop sharing profits equally. Their financial position is as under:

Balance Sheet as on 31st March, 2023

Liabilities		₹	Assets	₹
Accounts Payable		20,000	Land and Buildings	50,000
Bank Loan		7,000	Office Equipment	5,000
B's Loan		20,000	Stock	40,000
General Reserve		18,000	Accounts Receivable	30,000
Capitals:			Bank	18,000
A	27,000		Cash in hand	6,000
B	34,000			
C	23,000	84,000		
		1,49,000		1,49,000

On B died on 31st July 2023. Under the partnership deed the executors of the deceased partner are entitled to:

a) His capital as per balance sheet.
b) Interest on capital @ 10% up to the date of death.
c) Amount of Loan provided by the partner to the firm, if any.
d) Interest on Loan @ 6% p.a.
e) Share of General Reserve
f) His share of profit to the date of death, calculated on the basis of last year's profit.
g) His share of goodwill on the basis of 2 years' purchase of average profits of preceding three yea?

Profit of preceding three years amounted to ₹ 35,000 in 2020-21; ₹ 40,000 in 2021-22 and ₹ 45,000 in 2022-23.

You are required to prepare B's Capital Account to be rendered to his executors. 6

OR

X and Y are partners in a firm sharing profits in the ratio of 2:1. Give the journal entries at the time of dissolution of their partnership firm for following transactions:

a) Deferred Revenue Advertising Expenditure appeared in their books at ₹ 30,000.
b) Profit and Loss A/C was appearing on the liabilities die of their balance sheet.
c) An unrecorded investment worth ₹ 6,000 was sold for ₹ 10,000.
d) Realization expenses amounted to ₹ 5,000.
e) Y agreed to accept ₹ 25,000 in full settlement of his loan of ₹ 30,000.
f) Loss on Realization ₹ 30,000.

34. Show the forfeiture and reissue entries under each of the following cases: 6

(i) *X* Ltd. forfeited 300 shares of₹ 10 each, ₹ 8 called-up held by Mr. *A* for non-payment of second call money of₹ 3 per share. These shares were reissued to Mr. *Z* for₹ 10 per share as fully paid-up.

(ii) *Y* Ltd. forfeited 400 shares of₹ 10 each, fully called-up, held by Mr. *B* for non-payment of final call money of₹ 4 per share. These shares were reissued to Mr. *T* at₹ 12 per share as fully paid-up.

(iii) Light Ltd. forfeited 250 shares of₹ 10 each, fully called-up held by Mr. *C* for non-payment of allotment money of ₹ 3 per share and first and final call money of₹ 4 per share. These shares were reissued @₹ 8 per share as fully paid-up to Mr. *P*.

OR

Software Ltd. company with registered capital of₹ 5,00,000 in shares of₹ 10 each issued 20,000 of such shares payable ₹ 2 on application, ₹ 4 on allotment, ₹ 2 on first call₹ 2 on final call. All the money payable on allotment was duly received but on the first call being made, one shareholder paid the entire balance on his holding of 300 shares and five shareholders with a total holding of 1,000 shares failed to pay their dues on the first call. These shares were forfeited for non-payment of first call money. Final call was made and all the money due was received. Later on, forfeited shares were reissued @₹ 6 per share as fully paid-up.

Record the above transactions in the Journal of the company.