## Class XII SUBJECT-ACCOUNTANCY MID TERM EXAMINATION (2024-25)

Name of the student: Time Allowed: 3 hrs

Date: M.M. 80

## General Instructions:

- This question paper contains 34 questions. All questions are compulsory.
- This question paper is divided into two parts, Part A and B.
- Question Nos.1 to 16 and 27 to 30 carries 1 mark each.
- Questions Nos. 17 to 20, 31 and 32 carries 3 marks each.
- Questions Nos. from 21,22 and 33 carries 4 marks each
- Questions Nos. from 23 to 26 and 34 carries 6 marks each
- Attempt all parts of question at one place.

PART-A (ACCOUNTING FOR PARTNERSHIP FIRMS)

A partnership firm has four partners. How many additional partners can be admitted into the business as per the provisions of the Companies Act 2013?

a) 50

d) 96

Arun and Vijay are partners in a firm sharing profits and losses in the ratio of 5:1.

|             | Balance | e Sheet (Extract) |        |
|-------------|---------|-------------------|--------|
| Liabilities | ₹       | Assets            | ₹      |
|             |         | Machinery         | 40,000 |

If the value of machinery reflected in the balance sheet is overvalued by 33 \frac{1}{2}\%, find out the value of Machinery to be shown in the new BalanceSheet:

a) ₹ 44,000

b) ₹48,000

c) ₹ 32,000

d) ₹30,000

At the time of admission of a partner, what will be the effect on journal of the following information?

Balance in Workmen compensation reserve ₹40,000. Claim forworkmen compensation ₹45,000.

- a) ₹45,000 Debited to the Partner's capital Accounts.
- b), ₹40,000 Debited to Revaluation Account.
- Ø ₹5,000 Debited to Revaluation Account.
- d) ₹5,000 Credited to Revaluation Account.

Read the following hypothetical situation and answer question number (4) & (5):

Arjun, Nakul and Sahdev are partners running a garments business. They do not have a partnership deed. On 1st April, 2020, their capitals were ₹6,00,000, ₹ 4,00,000 and ₹3,00,000 respectively. During the year, they withdrew ₹ 20,000, ₹15,000 and ₹ 10,000 respectively. On 1st October, 2020, Nakul gave a loan of ₹ 80,000 to the firm and is claiming interest on loan @10% p.a. for the year ending 31st March, 2021. Arjun being an active partner is demanding a salary of ₹ 6,000 per quarter. For the year ending 31st March, 2021, the firm earned a profit of ₹ 90,000.

Interest on Nakul's Loan will be

a) ₹8,000

c) ₹4,800

b) ₹4,000

d) ₹ 2.400

The amount payable to Arjun as salary is

a) ₹24,000

b) ₹18,000

d) No salary

A and B are partners in the ratio of 3:2. C is admitted as a partner and he takes 1/4th of his share from A. B. giyes 3/16 from his above. from A. B gives 3/16 from his share to C. What is the share of C? a) 1/4 b) 1/16

Statement(B): Purchased goodwill arises at the time of opening of a new business.

a) Both statement (A) and statement (B) are correct. b) Statement (A) is correct and statement (B) is incorrect. c) Statement (A) is incorrect and statement (B) is correct.

d) Both statement (A) and statement (B) are incorrect

A,B and C are partners in the ratio of 5:3:2. If B's share of profit at the end of the year amounted to ₹1.50,000, what will in to ₹1,50,000, what will be A's share of profits?

c) ₹3,00,000 a) ₹5,00,000 d)/₹2,50,000 b) ₹1,50,000

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?

c) ₹ 50,000 d) ₹ 40,000 a) ₹43,750 b) ₹37,500

On dissolution, Goodwill Account is transferred to 10

a) Revaluation Account

c) Partner's Capital Account

b) Realisation Account

d) Profit & Loss Account

A and B were partners in a firm sharing profits and losses in the ratio of 3: 2. On 1st April, 2021, the balances in their capital accounts were ₹1,50,000 and ₹2,00,000 respectively. The partnership deed provided that interest on partner's capital will be allowed @ 10% per annum. During the year ended 31st March, 2022, the firm incurred a loss of ₹10,000. Interest on A's Capital will

a) ₹15,000

b) ₹9,000

If the new partner brings his share of goodwill in cash, it will be shared by old partners 12

a Ratio of sacrifice

b) Old profit sharing ratio

c) New profit sharing ratio

d) In capital ratio

P, Q and R are partners in a firm sharing profits and losses in the ratio of 2:2:1. For the year ended 31st March, 2022, interest on capital was credited to them @ 10% p.a. instead of 5% p.a. Their fixed capitals were ₹2,00,000; ₹1,00,000; ₹50,000 respectively. The necessary adjustment entry to rectify the error will be:

| Date | Particulars   |     | L.F. | Dr. (₹) | Cr. (₹) |
|------|---|-----|------|---------|---------|
| a)   | P's Current A/c To Q's Current A/c To R's Current A/c | Dr. |      | 2,000   | 1,000   |

|           | To R's Capital A/c  |                 |                 | 1,000           |
|-----------|---|-----------------|-----------------|-----------------|
| d)        | P's Capital A/c To Q's Capital A/c  | Dr.             | 3,000           | 2,000           |
| alimation | To R's Capital A/c ion of a partnership firm of Ramesh expenses for which he was paid ₹14 | 500 Actual expe | nses on realiza | eed to bear all |

14 be

a)/₹11,000

c) ₹14,500 d) ₹25,500

₹3,500 Punit, Sujit and Jiten are partners sharing profits and losses in the ratio of 4:3:1. Sujit retires from the firm, selling his share of profit to Punit and Jiten for ₹1,50,000; ₹80,000 being paid by Punit and ₹70,000 by Jiten.

What is the new profit sharing ratio between the remaining partners?

a) 4:1

c) 8:7

d) 1:1 b) 7:3

Assertion (A): Under the fluctuating capital method, the balance in the Capital Account fluctuates 16

Reason (R): Under the fluctuating capital method, all the adjustments such as share of profit and loss, interest on capital, drawings, interest on drawings, etc. are recorded directly in the Capital Accounts of the partners.

a) (A) is correct but (R) is wrong.

Both (A) and (R) are correct but (R) is not the correct explanation of (A).

c) Both (A) and (R) are incorrect.

d) Both (A) and (R) are correct and (R) is the correct explanation of (A)

Nirmala, Divisha and Sara were partners in a firm sharing profits and losses in the 3:4:3. Books were closed on 31st March every year. Sara died on 1st February, 2022. As per the partnership deed Sara's executors are entitled to her share of profit till the date of death on the basis of Sales turnover. Sales for the year ended 31st March 2021 was ₹ 10,00,000 and profit for the same year was ₹ 1,20,000. Sales show a positive trend of 20% and percentage of profit earning is reduced by 2%. Journalize the transaction along with the working notes.

Tarun, Abhishek, Kamal and Vivek were partners in a firm sharing profits in the ratio of 5:3:2:2. Kamal retired on 31st March, 2022. Tarun, Abhishek and Vivek decided to share future profits equally. On Kamal's retirement, goodwill of the firm was valued at ₹9,00,000.

Showing your working clearly, pass the necessary journal entry for treatment of goodwill or Kamal's retirement. It was decided not to show goodwill in the books of the firm.

Manoj, Pradeep and Mohit are sharing profits and losses in the ratio of 5:3:2. They decide share future profits and losses in the ratio of 2:3:5 with effect from 1st April, 2019. They al decide to record the effect of the following accumulated profits, losses and reserves without affecting their book figures by passing a single entry:

(₹) 12,000 General Reserve Profit and Loss Account (Cr.) 48,000 24,000 Advertisement Suspense A/c

Pass the necessary single adjusting entry.

Karan and Varun were partners in a firm sharing profits and losses in the ratio of 1:2. Their fixed capitals were ₹2,00,000 and ₹3,00,000 respectively. On 1st April 2016, Kishore was admitted as a new partner for 1/4th share in the profits. Kishore brought ₹2,00,000 for his capital which was to be kept fixed like the capitals of Karan and Varun. Kishore acquired his share of profit from Varun.

Calculate goodwill of the firm on Kishore's admission and the new profit sharing ratio of Karan, Varun and Kishore. Also, pass necessary Journal Entry for the treatment of Goodwill on Kishore's admission considering that Kishore did not bring his share of goodwill premium in cash.

Girija, Yatin and Zubin were partners in the ratio 5:3:2. Zubin died on 1st August, 2015. Amount due to Zubin's executor after all adjustments was ₹90,300. The executor was paid ₹10,300 in cash immediately and the balance in two equal annual instalments with interest @6% p.a. starting from 31st March,2017. Accounts are closed on 31st March each year.

Prepare Zubin's Executors Account till he is finally paid.

X,Y and Z are partners sharing profits and losses in the ratio of 3:2:1. With effect from 1<sup>st</sup> April, 2022 they agree to share profits equally. For this purpose, goodwill is to be valued at two year's purchase of the average profit of last four years which were as follows:

 Year ending on 31st March,2019
 ₹ 50,000 (Profit)

 Year ending on 31st March,2020
 ₹ 1,20,000 (Profit)

 Year ending on 31st March,2021
 ₹ 1,80,000 (Profit)

 Year ending on 31st March,2022
 ₹ 70,000 (Loss)

On 1st April, 2021 a Motor Bike costing ₹ 50,000 was purchased and debited to travelling expenses account, on which depreciation is to be charged @ 20% p.a by Straight Line Method. The firm also paid an annual insurance premium of ₹ 20,000 which had already been charged to Profit and Loss Account for all the years. Calculate the amount of goodwill.

Sun and Kiran are partners sharing profits and losses equally. They decided to dissolve their firm. Assets and liabilities have been transferred to Realisation Account. Pass necessary Journal entries for the following:

a) Deferred Advertisement Expenditure A/c appeared in the books at ₹ 28,000.

b) Out of the Stock of ₹1,20,000; Kiran (a partner) 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.

c) Kiran's Loan of ₹12,000 was settled at ₹12,500.

d) Gopal, a creditor for ₹1,05,000 accepted ₹90,000 in cash and investments of ₹14,000 in full settlement of his account.

e) Realization expenses amounted to ₹2,000 which were paid by Sun.

f) Furniture of ₹70,000 was sold for ₹68,000 by auction and auctioneer's commission amounted to ₹2,000.

The following is the balance sheet of A, B and C sharing profits and losses in proportion of 6:5:3 respectively:-

Balance Sheet as at 31st March 2023

| Liabilities | ₹           | Assets   | ₹   |
|-------------|-------------|--|---|
| B 29        | 6,30        | Cash Debtors Stock Furniture Land & Building Goodwill— | 1,890<br>26,460<br>29,400<br>7,350<br>45,150<br>5,250 |
|             | Marine Str. | 2024/9   | /9 20:00  |

They agreed to take D into partnership and give him 1/8th share on the following terms:

Furniture be depreciated by ₹ 2,920.

ii. An Old Customer, whose account was written off as bad, has promised to pay ₹ 2,000 in full settlement of his full debt.

iii. A provision of ₹ 1,320 be made for outstanding repair bills.

iv. The value of land and building having appreciated and brought up to ₹ 56,910.

v. D should bring in ₹ 14,700 as his capital.

vi. D should bring in ₹ 14,070 as his share of goodwill.

vii. After making the above adjustments, the capital accounts of old partners be adjusted on the basis of the proportion of D's Capital to his share in business, i.e., actual cash to be paid off or brought in by the old partners, as the case may be.

Prepare Revaluation Account and Partner's Capital Account.

L, M and N were partners in a firm sharing profit & losses in the ratio of 2:2:3

| Liabilities   |                  | t 31 <sup>st</sup> March 2023 Assets  | Amount(₹)  |
|---|------------------|---|--|
| Creditors Bank overdraft Long term debts Capital A/C L 6,25,000 M 4,00,000 N 5,25,000 | 80,000<br>22,000 | Land and Building Machinery Furniture Investments Stock Debtors Bank Deferred Advertisement Expenditure | 5,00,000<br>2,50,000<br>3,50,000<br>1,00,000<br>4,00,000<br>2,00,000<br>20,000 |
| Employees provident fund  | 18,90,000        |   | 18,90,000  |

On 31st March 2023, M retired from the firm and remaining partners decided to carry on business. It was decided to revalue assets and liabilities as under:

- a) Land and Building be appreciated by ₹ 2,40,000 and Machinery be depreciated 10%.
- b) 50% of investments were taken by the retiring partner at book value.

c) Provision for doubtful debts was to be made at 5% on debtors.

- d) Stock will be valued at market price which is ₹1,00,000 less than the book value.
- e) Goodwill of the firm be valued at ₹5,60,000. L and N decided to share future profits and losses in the ratio of 2:3.
- f) The total capital of the new firm will be ₹32,00,000 which will be in proportion of profit -sharing ratio of L and N.
- g) Gain on revaluation account amounted to ₹1,05,000.

Prepare Partner's Capital accounts and Balance sheet of firm after M's retirement.

Moli, Bhola and Raj 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% per annum.

(ii) Interest on drawing @ 12% per annum.

(iii) Interest on partners' loan @ 6% per annum.

(iv) Moli was allowed an annual salary of ₹ 4,000, Bhola was allowed a commission of 10% of net profit as shown by profit and loss account and Raj was guaranteed a profit of ₹ 1,50,000 after making all the adjustments as provided in the partnership agreement.

Their fixed capitals were Moli ₹ 5,00,000; Bhola ₹ 8,00,000 and Raj ₹ 4,00,000. On 1st April, 2016 Bhola 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 Bhola's loan was ₹ 3,06,000.

Prepare profit and loss appropriation account of Moli, Bhola and Raj for the year ended 31st March, 2017 assuming that Bhola withdrew ₹5,000 at the end of each month, Moli withdrew ₹ 10,000 at the end of each quarter and Raj withdrew ₹ 40,000 at the end of each half year.

## PART- B (ANALYSIS OF FINANCIAL STATEMENTS)

Which of the following is not an investing cash flow? a) Purchase of marketable securities for ₹25,000 cash.

c) Sale of 2,500 shares (held as investment) for ₹15 each.

d) Purchase of equipment for ₹500 cash.

Which of the following is device of Comparative statements? a) Comparison expressed in terms of absolute change
b) Comparison expressed in terms of percentages

c) Comparison expressed in terms of ratios

d) All of the above

What will be the affect of issue of bonus shares on Cash Flow Statement? 2 Inflow in Operating activity

a) No effect

d) Inflow in Investing Activity

b) Inflow in Financing Activity

Assertion(A): Cash withdrawn from bank will not result in flow of Cash & Cash Equivalents. Reason (R): Cash withdrawn from bank is movement between items of Cash & Cash Equivalents.

a) (A) and (R) both are correct and (R) correctly explains (A)

b) Both (A) and (R) are correct but (R) does not explain (A)

c) Both (A) and (R) are incorrect

d) (A) is correct but (R) is incorrect

The following Balance Sheet relate to Modern Computers Ltd.

Size Balance Sheet

| Prepare Common Size Balance Sheet. | NOTE NO.   | 31.3.2024 |
|------------------------------------|--|-----------|
| PARTICULARS                        | 11022  | (₹)       |
| I. EQUITY AND LIABILITIES          |  |           |
| 1. Shareholders' Funds             | THE SHARE ST   | 2 00 000  |
| a) Share Capital                   | The Sales States   | 3,00,000  |
| b) Reserves and Surplus            | -  | 6,50,000  |
| 2. Non-Current Liabilities         |  | 2,50,000  |
| Long-term Borrowings               |  | 2,30,000  |
| 3. Current Liabilities             | La Barriera  | 2,85,000  |
| a) Trade Payables                  |  | 15,000    |
| b) Short Term Provisions           |  |           |
| TOTAL                              |  | 15,00,000 |
| II. ASSETS                         |  |           |
| 1. Non-Current Assets              |  | 5 00 000  |
| a) Property, Plant and Equipment   |  | 5,00,000  |
| and Intangible Assets              |  |           |
| b) Non-Current Investments         |  | 3,10,000  |
| 2. Current Assets                  | 10.20 Styles   | Tana Sala |
| a) Inventories                     | The state of the s | 3,69,000  |
| b) Trade Receivables               | TO SEE THE LAND  | 2,25,000  |
| c) Cash and Cash Equivalents       | The second second  | 196,000   |
| TOTAL                              |  | 15,00,000 |

Read the following hypothetical text and answer the questions given below on the basis of th same:

Aditi, initiated her start-up' Fizz Ltd.' in 2019. Fizz Ltd. is an organic juice extracting unit. Its profits are increasing year-after-year because of the increasing awareness to 2024 491/9 20:01

| Particulars   | 31st March,<br>2022<br>(₹)                    | 31 <sup>st</sup> March,<br>2021<br>(₹)        |
|---|---|---|
| Equity Share Capital 11% Debentures Machinery (at cost) Accumulated Depreciation on Machinery | 90,00,000<br>30,00,000<br>28,00,000<br>90,000 | 60,00,000<br>50,00,000<br>20,00,000<br>60,000 |

Additional Information:

- a) During the year, a machine costing ₹4,00,000 was sold at a gain of ₹30,000.
- b) Depreciation charged on machinery during the year was ₹50,000.
- c) Dividend of ₹3,00,000 was paid on equity shares.
- d) Debentures were redeemed at a premium of 10% on 31st March, 2022.

Calculate cash flows of Fizz Ltd. from Financing Activities.

From the following information, prepare Comparative statement of Profit & loss:

| Particulars               | 2021-22 (₹)         | 2020-21(₹)          |
|---------------------------|---------------------|---------------------|
| Revenue from operations   | 8,00,000            | 6,00,000            |
| Cost of material consumed | 4,80,000            | 4,50,000            |
| Other expenses            | 20% of Gross Profit | 10% of Gross Profit |
| Income Tax                | 40%                 | 40%                 |

On the basis of information given by Mayur Ltd., prepare Cash FlowStatement for the 34 year ending 31st March, 2021:

> Mayur Ltd. Balance Sheet as on 31st March, 2021

| Particulars   | Note No. | 31st March,<br>2021                                     | 31st March,<br>2020              |
|---|----------|---|----------------------------------|
| I. Equity and Liabilities  1. Shareholder's Funds  (a) Share Capital  (b) Reserves and Surplus  2. Non-current Liabilities  Long-term Borrowings  3. Current Liabilities  (a) Trade Payables  (b) Short Term provisions |          | 30,00,000<br>3,00,000<br>4,00,000<br>1,70,000<br>76,000 | 4,00,000<br>3,00,000<br>2,50,000 |
| Total   |          | 39,46,000   | 30,14,000                        |
| I. Assets  Non-current Assets  (a)Property, Plant & Equipment and Intangible Assets  (i) Property, Plant & Equipment  (ii) Intangible Asset   | 4 5      | 29,00,000   |                                  |
| Current Assets (a) Inventories  |          | 2,20,00   | 2,30,000                         |

2024/9/9 20:01

| (b) Trade Receivables  | 1,10,000 1,30,000<br>4,46,000 1,94,000             |
|--|--|
| (c) Cash and Cash Equivalents Total                                    | 39,46,000 30,14,000                                |
| Notes to Accounts  |  |
| Particulars  | 31 <sup>st</sup> March 31 <sup>st</sup> March 2021 |
| Reserves and Surplus Statement of Profit and loss                      | 3,00,000 4,00,000                                  |
| Long-term Borrowings  9% Debentures                                    | 4,00,000 3,00,000                                  |
| Short-Term Provisions Provision for Tax                                | 76,000 64,000                                      |
| Property, Plant & Equipment  Machinery  Less: Accumulated Depreciation | 36,00,000 28,00,000<br>(7,00,000) (5,00,000)       |
| Intangible Fixed Assets  | 29,00,000 23,00,000                                |
| Goodwill   | 2,70,000 [1,60,000                                 |

During the year, a piece of machinery costing ₹4,00,000 on which accumulated depreciation was ₹ 73,000 was sold for ₹ 3,10,000

9% Debentures of ₹1,00,000 were issued on 31st March, 2021.