PT-2/HALF YEARLY EXAMINATION, 2022-23
ACCOUNTANCY

Time – 3 Hours **Class - XII** **M.M. : 80**

Date – 16.09.2022 (Friday)

Name of the student ______________________________ **Section** _____

General Instructions –

1. The question paper contains two parts: Part-A and Part-B.
2. Q.No. 1 to 20 are MCQ's carrying 1 mark each.
3. Q.No. 21 is MCQ case study based question carrying 4 marks.
4. Q.no. 22 and 23 carry 3 marks each.
5. Q.No. 24 to 27 carry 4 marks each.
6. Q.No 28 to 30 carry 6 marks each.
7. Q.No 31 and 32 carry 8 marks each.

PART - A

Q1. According to Profit and Loss Account, the net profit for the year is Rs. 4,20,000. Salary of a partner is Rs. 5,000 per month and the commission of another partner is Rs. 10,000. The interest on drawings of partners is Rs. 4,000. The net profit as per Profit and Loss Appropriation Account will be: (1)

(A) Rs. 3, 54,000 (B) Rs. 3, 46, 000 (C) Rs. 4, 09,000 (D) Rs. 4, 01,000

Q2. Net profit of a firm is Rs. 49,500. Manager is entitled to a commission of 10% on profits before charging his commission. Manager's Commission will be: (1)

(A) Rs. 4,950 (B) Rs. 4,500 (C) Rs. 5,500 (D) Rs. 4960

Q3. When Partners' Capital Accounts are fixed, which one of the following items will be written in the partner's capital account? (1)

(A) Partner's Drawings

(B) Additional capital introduced by the partner in the firm

(C) Loan taken by partner from the firm

(D) Loan Advanced by partner to the firm

Q4. In a partnership firm, a partner withdrew Rs. 5,000 per month on the first day of every month during the year for personal expenses. If interest on drawings is charged @ 6% p.a. the interest charged will be: (1)

(A) Rs. 3,600 (B) Rs. 1,950 (C) Rs. 1,800 (D) Rs. 1,650

Q5. The partner whose share has increased as a result of change is called (1)

(A) Sacrificing partner (B) Sacrificing ratio (C) Gaining partner (D) Gaining ratio

Q6. A and B were partners in a firm sharing profit or loss in the ratio of 3: 1. With effect from Jan. 1, 2019 they agreed to share profit or loss in the ratio of 2: 1. Due to change in profit-loss sharing ratio, B's gain or sacrifice will be: (1)

(A) Gain 1/12 (B) Sacrifice 1/12 (C) Gain 1/3 (D) Sacrifice 1/3

Q7. The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called: (1)

(A) Surplus (B) Super profits (C) Reserve (D) Goodwill

Q8. A, B and C were partners sharing profits and losses in the ratio of 7:3:2. From 1st April, 2022 they decided to share profits and losses in the ratio of 8:4:3. General Reserve appeared in the books at Rs. 1,20,000 which they decided to continue in books as it is. The adjustment entry for this will be: (1)

(A) General Reserve A/c Dr 1,20,000

To A's Capital A/c 70,000

To B's Capital A/c 30,000

To C's Capital A/c 20,000

(B) General Reserve A/c Dr 1,20,000

To A's Capital A/c 64,000

To B's Capital A/c 32,000

To C's Capital A/c 24,000

(C) B's Capital A/c Dr 2,000

C's Capital A/c Dr 4,000

To A's Capital A/c 6,000

(D) A's Capital A/c Dr 6,000

To B's Capital A/c Dr 2,000

To C's Capital A/c Dr 4,000

Q9. Retirement or death of a partner will create a situation for the continuing partners, which is known as: (1)

(A) Dissolution of Partnership (B) Dissolution of partnership firm

(C) Winding up of business (D) None of the above

Q10. For which of the following situations, the old profit sharing ratio of partners is used at the time of admission of a new partner? (1)

(A) When new partner brings only a part of his share of goodwill.

(B) When new partner is not able to bring his share of goodwill.

(C) When, at the time of admission, goodwill already appears in the balance sheet.

(D) When new partner brings his share of goodwill in cash.

Q11. At the time of admission of a partner, what will be the effect of the following information?

Balance in Workmen compensation reserve	Rs. 40,000.	(1)
Claim for workmen compensation	Rs. 45,000.	

(A) Rs. 45,000 Debited to the Partner's capital Accounts.

(B) Rs. 40,000 Debited to Revaluation Account.

(C) Rs. 5,000 Debited to Revaluation Account.

(D) Rs. 5,000 Credited to Revaluation Account.

Q12. Kalki and Kumud were partners sharing profits and losses in the ratio of 5:3. On 1st April, 2021 they admitted Kaushtubh as a new partner and new ratio was decided as 3:2:1. Goodwill of the firm was valued as Rs. 3,60,000. Kaushtubh couldn't bring any amount for goodwill. Amount of goodwill share to be credited to Kalki and Kumud Account's will be: - (1)

(A) Rs. 37,500 and Rs. 22,500 respectively (B) Rs. 30,000 and Rs. 30,000 respectively

(C) Rs. 36,000 and Rs. 24,000 respectively (D) Rs. 45,000 and Rs. 15,000 respectively

Q13. Sarvesh, Sriniketan and Srinivas are partners in the ratio of 5:3:2. If Sriniketan's share of profit at the end of the year amounted to Rs. 1,50,000, what will be Sarvesh's share of profits? (1)

(A) Rs. 5, 00,000. (B) Rs. 1, 50,000. (C) Rs. 3, 00,000. (D) Rs. 2, 50,000

Q14. Suresh, Ramesh and Tushar were partners of a firm sharing profits in the ratio of 6:5:4. Ramesh retired and his capital after making adjustments on account of reserves, revaluation of assets and reassessment of liabilities stood at Rs. 2,50,400. Suresh and Tushar agreed to pay him Rs. 2,90,000 in full settlement of his claim. The journal entry for the treatment of goodwill will be: (1)

(A) Suresh's Capital A/c Dr. 23,760

Tushar's Capital A/c Dr. 15,840

To Ramesh's Capital A/c 39,600

(B) Ramesh's Capital A/c Dr 39,600

To Suresh's Capital A/c 23,760

To Tushar's Capital A/c 15,840

(C) Ramesh's Capital A/c Dr 39,600

To Suresh's Capital A/c Dr. 23,760

To Tushar's Capital A/c 63360

(D) None of the above

Q15. X, Y and Z are partners and share profits in the ratio of 5: 3: 2. Y retires and X takes 1/10 from Y and Z takes 1/5 from Y. The new profit sharing ratio will be: (1)

(A) 7: 13 (B) 13: 7 (C) 3: 2 (D) 1: 1

Q16. The average profit of a business over the last five years amounted to Rs. 60,000. The normal commercial yield on capital invested in such a business is deemed to be 10% p.a. The net capital invested in the business is Rs. 5,00,000. Amount of goodwill, if it is based on 3 years purchase of last 5 years super profits will be: (1)

(A) Rs. 1,00,000 (B) Rs. 1,80,000 (C) Rs. 30,000 (D) Rs. 1,50,000

Q17. On dissolution of a firm, a partner paid Rs. 700 for firm's realisation expenses. Which account will be debited ? (1)

(A) Cash Account (B) Realisation Account

(C) Capital Account of the Partner (D) Profit & Loss A/c

Q18. What are the types of shares a Company can issue? (1)

(A) Equity Shares (B) Debentures (C) Preference Shares (D) Both (A) and (C)

Q19. Authorised Capital means: (1)

(A) Minimum Capital that a company can raise by issue of shares

(B) Capital which is issued to the public

(C) Capital which is subscribed for by the public

(D) Maximum Capital that a company can raise by issue of shares

Q20. Which among the following features of a Company is incorrect? (1)

(A) Separate legal entity (B) Common seal

(C) Unlimited Liability (D) Perpetual Succession

Q21. Sidhu and Sourav were best friends living in Palampur. Sidhu has completed his MBA and gave a proposal to Sourav to start a sanitary items business with him under a partnership agreement. Sourav accepted the offer. (4)

They decided to share the profits and losses in the ratio of 2:1. The capital of Sidhu and Sourav were Rs. 3,00,000 each. Sidhu by using his professional knowledge and Sourav with his business contacts were able to achieve best results in business. After two years Sourav demanded equal profit in business to which Sidhu agreed.

At the time of change in ratio they decided that:

(i) General reserve appeared in the books at Rs. 30,000, which was not to be distributed.

(ii) Goodwill of the firm be valued Rs. 1,20,000.

(iii) Market value of the Investment (Book Value Rs. 35,000) was Rs. 28000

Note. Investment fluctuation reserve appeared in the book at Rs. 10,000

Based on the above information you are required to answer the following questions.

I. Adjusting journal entry for Goodwill be:

(A) Dr. Sidhu's Capital A/c and Cr. Sourav's Capital A/c by Rs. 20000

(B) Dr. Sourav's Capital A/c and Cr. Sidhu's Capital A/c by Rs. 20000

(C) Dr. Sidhu's Capital A/c by Rs. 80000; Dr. Sourav's Capital A/c by Rs. 40000; Cr. Goodwill A/c by Rs. 120000

(D) Dr. Goodwill A/c by Rs.120000; Cr. Sidhu's Capital A/c by Rs. 80000 and Cr. Sourav's Capital A/c by Rs. 40000

II. Share of investment fluctuation reserve transferred to Sourav's Capital A/c will be :

(A) Rs. 3333 (B) Rs.5000 (C) Rs.1500 (D) Rs. 1000

III. Journal entry for General Reserve will be:

(A) Dr General Reserve A/c by Rs. 30,000; Cr. Sidhu's Capital A/c by Rs. 20,000 and Sourav's Capital A/c by Rs. 10,000

(B) Dr. Sidhu's Capital A/c by Rs. 20,000; Dr. Sourav's Capital A/c by 10,000; Cr. General Reserve A/c by Rs. 30,000

(C) Dr. Sidhu Capital A/c and Cr. Sourav's Capital A/c by Rs. 5,000 each

(D) Dr. Sourav's Capital A/c and Cr. Sidhu's Capital A/c by 5,000 each

IV. Investment Fluctuation reserve will appear in the new balance sheet at ________

(A) Rs. 10,000 (B) Rs. 3,000 (C) Rs. 7,000 (D) Rs. NIL

PART - B

Q22. Vaishali, Vinod and Anjali are partners sharing profits in the ratio of 4:3:2. From April 1, 2015; they decided to share the profits equally. On the date their books showed a credit balance of Rs. 3, 60, 000 in the profit and loss account and a balance of Rs. 90,000 in the General reserve. Record the journal entry for distribution of these profits and reserves. (3)

Q23. Explain the following terms: (3)

A) Shares B) Subscribed Capital C) Called- up Capital

Q24. The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2017, Rs. 80,000 in the ratio of 3:3:2 without providing for the following adjustments: (4)

a) Alia and Chand were entitled to a salary of Rs. 1,500 each per month.

b) Bhanu was entitled for a commission of Rs. 4,000

c) Bhanu and Chand had guaranteed a minimum profit of Rs. 35,000 p.a. to Alia. Any deficiency to be borne equally by Bhanu and Chand.

Pass the necessary adjustment entry for the above in the books of the firm.

OR

Ajay, Binod and Chandra entered into partnership on 1st April 2019 with a capital of Rs. 3,00,000, Rs. 2, 00,000 and Rs. 1, 00,000 respectively. In addition to Capital, Chandra has advanced a loan of Rs. 1, 00,000. Since they had no agreement to guide them, they faced following issues during and at the end of the year.

1. Ajay wanted interest on capital to be provided @8% p.a. but Binod and Chandra did not agree.
2. Chandra wanted that interest on loan be paid to him @ 10% p.a. but Ajay and Binod wanted to pay @ 5% p.a.
3. Ajay and Binod demanded to share profits in the ratio of their capital contribution, Chandra is not in agreement with this proposal.
4. Binod, being working partner, demands a lump sum payment of Rs. 40,000 as remuneration, for which other partners are not in agreement.

You are required to suggest and help them resolve these issues.

Q25. X and Y are partners sharing profits and losses in the ratio of 3:2. The capitals of X and Y after adjustments are Rs. 80,000 and Rs. 60,000 respectively. They admit Z as a new partner who is to contribute proportionate capital to acquire $1/5^{th}$ share of total capital of the new firm from both the partners. (4)

(a) Calculate the new profit sharing ratio

(b) Calculate Capital to be brought by the new partner.

Q26. Vijay, Vivek and Vinay are partners in a firm sharing profits in 2:2:1 ratio. On 31.3.2015 Vivek retires from the firm. On the date of Vivek's retirement the balance sheet of the firm was as follows: (4)

Balance Sheet of Vijay, Vivek and Vinay

Liabilities		(Rs.)	Assets		(Rs.)
Creditors		54,000	Bank		55,000
Bill Payable		24,000	Debtor	12,000	
Outstanding Rent		4,400	Less: Provision for D/d	800	11,200
Provision for Legal Claim		12,000	Stock		18,000
Capital :			Furniture		8,200
Vijay	92,000		Premises		1,94,000
Vivek	60,000				
Vinay_	40,000	1,92,000			
		2,86,400			**2,86,400**

On Vivek's retirement ,it was agreed that:

i) Premises appreciated by 5% and furniture appreciated by Rs. 2,000. Stock depreciated by 10% .

ii) Provision for bad debts was to be made at 5% on debtors and provision for legal damages to be made for Rs. 14,400.

iii) Goodwill of the firm is valued at Rs. 48,000.

Prepare Revaluation A/c.

Q27. Pass necessary journal entries in the following cases on the dissolution of a partnership firm of partners X, Y, A and B: (4)

(i) Realization expenses of Rs. 5,000 were to borne by X, a partner. However, it was paid by Y.

(ii) Investments costing Rs. 25,000 (comprising 1000 shares), had been written off from the books completely. These shares are valued at Rs. 20 each and were divided amongst the partners.

(iii) Y's loan of Rs. 50,000 settled at Rs. 48,000.

(iv) Creditors of Rs. 40,000 accepted furniture valued at Rs. 38,000 in full settlement of their claim.

Q28. Kavita, Meenakshi and Gauri are partners doing a paper business in Ludhiana. After the accounts of partnership have been drawn up and closed, it was discovered that for the years ending 31st March, 2013 and 2014, interest on capital has been allowed to partners @ 6% p.a, although there is no provision for interest on capital in the partnership deed. Their fixed capitals were Rs. 2, 00,000; Rs. 1, 60,000 and Rs. 1, 20,000 respectively. During the last two years they had shared the profits as under: 31 March 2013 -3:2:1 31 March 2014-5:3:2.

You are required to give necessary adjusting entry on April 1, 2014. (6)

Q29. Hema and Garima were partners in a firm sharing profits in the ratio of 3:2. On March 31, 2015, their Balance Sheet was as follows: (6)

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Creditors	36,000	Bank	40,000
Hema's Loan	1,00,000	Debtors	76,000
Capitals:		Stock	2,00,000
Hema	2,00,000	Furniture	20,000
Garima	1,00,000	Leasehold Premises	1,00,000
	4,36,000		**4,36,000**

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

(i) Leasehold Premises realized Rs. 1, 50,000 and Debtors Rs. 2,000 less.

(ii) Half the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 5% less.

(iii) 50% Stock was taken over by Hema at Rs.90, 000 and remaining stock was sold for Rs. 94,000.

(iv) Realisation expenses of Rs.10,000 were paid by Garima on behalf of the firm.

Pass necessary journal entries for the items appearing in Realisation Account at the dissolution of the firm, after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account.

OR

Pass necessary journal entries for the following transactions of the firm of T and P after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account.

(i) Bank loan Rs 34,000 was paid.

(ii) Furniture worth Rs 70,000 was taken over by partner T at Rs 43,000.

(iii) Partner P agreed to pay a creditor of Rs 7,500.

(iv) A computer previously written-off fully, realised Rs 3,900.

(v) Expenses on realisation Rs 3,200 were paid by partner T.

(vi) Profit on realisation Rs 4,800 was distributed between T and P in 5 : 3 ratio.

Q30. E, F and G were partners in a firm sharing profits in the ratio of 2:2:1. On March 31, 2017, their firm was dissolved. On the date of dissolution, the Balance Sheet of the firm was as follows: (6)

Balance Sheet
As at March 31, 2017

Liabilities	Amount(Rs)	Assets	Amount(Rs)
Creditors	45,000	Bank	5,000
Outstanding Expenses	17,000	Debtors	36,500
Capitals:		Machinery	90,000
E	1,30,000	Furniture	50,000
F	1,00,000	Land and Building	1,00,000
		G's Capital	500
		Profit and Loss A/c	10,000
	2,92,000		**2,92,000**

F was appointed to undertake the process of dissolution for which he was allowed a remuneration of Rs. 5,000. F agreed to bear the dissolution expenses. Assets realized as follows:

i) The Land & Building was sold for Rs. 1, 08,900.

ii) Furniture was sold at 25% of book value.

iii) Machinery was sold as scrap for Rs. 9,000.

iv) All the Debtors were realized at full value.

Prepare Realisation Account.

Q31 Divya, Yasmin and Fatima are partners in a firm, sharing profits and losses in 11:7:2 respectively. The balance sheet of the firm as on 31st March, 2018 was as follows: (8)

Balance Sheet

(as at 31.3.2018)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors	70,000	Factory Building	7,35,000
Public Deposits	1,19,000	Plant and Machinery	1,80,000
Reserve fund	90,000	Furniture	2,60,000
Outstanding Expenses	10,000	Stock	1,45,000
Capital accounts		Debtors 1,50,000	
Divya	5,10,000	Less: Provision 30,000	1,20,000
Yasmin	3,00,000	Cash at Bank	1,59,000
Fatima	5,00,000		
	15,99,000		**15,99,000**

On 1.4.2018, Aditya is admitted as a partner for one-fifth share in the profits with a capital of Rs. 4, 50,000 and necessary amount for his share of goodwill on the following terms:

i. Furniture of Rs. 2, 40,000 were to be taken over by Divya, Yasmin and Fatima equally.

ii. A creditor of Rs. 7,000 not recorded in books to be taken into account.

iii. Goodwill of the firm is to be valued at 2.5 years purchase of average profits of last two years. The profit of the last three years were: 2015-16 Rs. 6,00,000; 2016-17 Rs. 2,00,000; 2017-18 Rs. 6,00,000 .

iv. At time of Aditya's admission Yasmin also brought in Rs.50,000 as fresh capital

v. Plant and Machinery is re-valued to Rs. 2, 00,000 and expenses outstanding were brought down to Rs. 9,000.

Prepare Revaluation Account and the Balance Sheet of the reconstituted firm.

OR

The following was the Balance Sheet of Arun, Bablu and Chetan sharing profits and losses in the ratio 6:5:3

Liabilities	Amount	Assets	Amount
Capital Accounts:		Land and Buildings	24,000
Arun	19,000	Furniture	3,500
Bablu	16,000	Stock	14,000
Chetan	8,000	Debtors	12,600
Creditors	9,000	Cash	900
Bills Payable	3,000		
	55,000		**55,000**

They agreed to take Deepak into partnership and give him a share of 1/8 on the following terms:

(a) That Deepak should bring in Rs 4,200 as goodwill and Rs 7,000 as his Capital;

(b) That furniture be depreciated by 12%;

(c) That stock be depreciated by 10%;

(d) That a Reserve of 5% be created for doubtful debts;

(e) That the value of land and buildings having appreciated be brought upto Rs 31,000;

(f) That after making the adjustments the capital accounts of the old partners (who continue to share in the same proportion as before) be adjusted on the basis of the proportion of Deepak's Capital to his share in the business, i.e., actual cash to be paid off, or brought in by the old partners as the case may be.

Prepare Profit and Loss Adjustment Account (Revaluation Account) and Partner's Capital Account.

Q32. The Balance Sheet of Adil, Bhavya and Cris as at 31st March 2018 was as under: (8)

Balance Sheet as at 31.3. 18

Liabilities	Amount	Assets	Amount
Capital Accounts:		Building	1,20,00
Adil	40,000	Motor Car	18,000
Bhavya	30,000	Stock	20,000
Cris	20,000	Investments	20,000
General Reserve	10,000	Debtors	40,000
Investment Fluctuation Reserve	7,000	Cash at Bank	12,000
Creditors	1,23,000		
	2,30,000		**2,30,000**

The partners share profits in the ratio of 5:3:2. On 1-4-2018, Cris retires from the firm on the following terms and conditions:

i) 20% of the General Reserve is to remain as a reserve for bad and doubtful debts.

ii) Motor car is to be reduced by 5%.

iii) Stock is to be re-valued at Rs. 17,500 and investment to be re-valued at Rs. 18,000.

iv) Goodwill of the firm is valued at Rs. 48,000.

v) Cris was paid in full. Adil and Bhavya borrowed the necessary amount from the Bank on the security of Building to pay off Cris.

Pass necessary journal entries.

OR

P, Q and R were partners sharing profits in the ratio of 2:2:1. The firm closes its books on March 31 every year. On June 30, 2017, R died. The following information is provided on R's death:

(i) Balance in his capital account in the beginning of the year was Rs. 6,50,000.

(ii) He withdrew Rs. 60,000 on May 15, 2017 for his personal use.

On the date of death of a partner the partnership deed provided for the following:

(a) Interest on capital @ 10 % per annum.

(b) Interest on drawings @ 12 % per annum.

(c) His share in the profit of the firm till the date of death, to be calculated on the basis of the rate of Net Profit on Sales of the previous year, which was 25 %. The Sales of the firm till June 30, 2017 were Rs. 6, 00,000.

Prepare R's Capital Account on his death to be presented to his executors.