TERM-1EXAMINATION, 2026-27
ACCOUNTANCY O55 (SET-1)

Class: XII | **Time: 3 hrs**
Date: 30.08.2026 | **Max Marks: 80**
Admission no: | **Roll no:**

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Part – A. Accounting for Partnership.
4. Part – B. Analysis of Financial Statements
5. Question Nos.1 to 16 and 27 to 30 carries 1 mark each.
6. Questions Nos. 17 to 20, 31and 32 carries 3 marks each.
7. Questions Nos. from 21, 22 and 33 carries 4 marks each
8. Questions Nos. from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 5 questions of one mark, 3 questions of three marks, 1 question of four marks and 2 questions of six marks

SECTION A (60 marks)

Q1) What is true about partnership deed?
i) It is also known as article of partnership
ii) In the absence interest on capital is paid at 6% pa.
iii) It is compulsory for a firm to have it.
iv) Partnership deed must be signed and registered (1)
(A) Option i) and ii)
(B) Option ii) and iii)
(C) Option i) and iii)
(D) Option i) and iv)

Q2) Assertion (A): Interest on capital is a charge against profits.
Reason (R): Interest on capital is paid only if there are sufficient profits.
Choose the correct option. (1)
(A) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).
(B) Both Assertion (A) and Reason (R) are true, but (R) is not the correct explanation of (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true.

OR

Assertion (A): Partners are entitled to a salary only if it is mentioned in the partnership deed.
Reason (R): In the absence of an agreement, no salary is allowed to partners.
Choose the correct option.
(A) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).
(B) Both Assertion (A) and Reason (R) are true, but (R) is not the correct explanation of (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true.

Q3) Average profit Rs.3,60,000; Normal Rate of Return = 15%; Assets of the firm Rs.18,00,000; Liabilities Rs.4,00,000 The value of goodwill by capitalisation of average profit will be. (1)
(A) Rs.24,00,000 (B) Rs.20,00,000 (C) Rs.14,00,000 (D) Rs.10,00,000

Q4) What is NOT true about goodwill? (1)
(A) Only purchased goodwill is shown in the books
(B) Goodwill is shown in the asset side of balance sheet as a fictitious asset

(C) Self-generated goodwill occurs due to long and strong existence.
(D) Average profit method is a method of valuation of goodwill.

Q5) Profits of last four years were Rs.36,000; Rs.84,000; Rs.48,000 and Rs.72,000. If goodwill is valued at 2.5 years purchase of average profit it will be. (1)
(A) Rs.1,50,000 (B) Rs.1,20,000 (C) Rs.90,000 (D) Rs.60,000

Q6) X,Y and Z share profits and losses in 3:2:1. They decide to admit A as a new partner. A takes 1/10 share in the ratio of 5:3:2. The new profit sharing ratio is. (1)
(A) 3:3:3:1 (B) 18:15:12:5 (C) 135:91:44:30 (D) 175:108: 82: 35

Q7) Deceased partner gets his share of goodwill from the remaining partners in (1)
(A) Sacrificing ratio (B) Profit-Sharing ratio (C) Gaining ratio (D) Capital ratio

Read the case below and answer Q No. 8 and 9
F,G and H were partners with a PSR of 5:3:2. G retire and the remaining partners decide to share future profits in 3:2. The capital balance on the date of retirement was 2,40,000; 2,00,000 and 1,60,000. The goodwill of the firm was 1,20,000. Advertisement Suspense A/c is 60,000

Q8) Calculate the share of goodwill of the retiring partner to be given by F and H. (1)
(A) 12,000 and 24,000 (B) 18,000 and 18,000 (C) 24,000 and 12,000 (D) 20,000 and 40,000

Q9) The amount transferred to G's loan account is (1)
(A) 2,36,000 (B) 2,18,000 (C) 2,06,000 (D) 1,96,000

Q10) Ajay, Sanjay and Vijay are equal partners. Their firm's Balance Sheet on the date of dissolution shows apart from other things Mrs. Sumit's Loan Rs.50,000 and Ajay's Loan Rs.1,00,000.
Ajay wants his loan to be repaid first. Is it justified? (1)
(A) No, according to Indian Partnership Act, 1932 external loan has to be paid first
(B) No, as Ajay's loan is more than Mrs. Sumit's Loan
(C) Yes, Ajay's loan is more so it should be paid first
(D) Yes, If the partnership deed so provides

Q11) Assertion (A): In the case of dissolution of a partnership, assets are sold to pay off liabilities.
Reason (R): Bank A/c is prepared to record all the payments made to liabilities and partners and money received through the sale of all assets.
Choose the correct option. (1)
(A) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).
(B) Both Assertion (A) and Reason (R) are true, but (R) is not the correct explanation of (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true.

OR

Assertion (A): The dissolution of a partnership can occur even without the agreement of all partners.
Reason (R): A partner's withdrawal or the death of a partner can lead to the dissolution of the partnership.
Choose the correct option.
(A) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).
(B) Both Assertion (A) and Reason (R) are true, but (R) is not the correct explanation of (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true.

Q12) Blue Horizon Ltd. offered 1,00,000 shares of Rs.10 to public. Applications were received for 1,50,000 shares. Pro rata allotment was made to all. How many shares did Punit apply if he was allotted 6,000 shares?
(A) 9,000 (B) 10,800 (C) 12,000 (D) 14,400 (1)

Flipkart approves second ESOP liquidity event for employees

Q13) What does ESOP mean? (1)
(A) Excise Security Opinion Plan (B) Employee Stock Option Plan
(C) Employer Stock Option Plan (D) Executive Standard Opinion Pool

Q14) Statement 1: Shares can be issued at a premium.
Statement 2: The premium amount must be credited to Securities Premium Reserve
Choose the correct option. (1)
(A) Both Statement 1 and 2 are true. (B) Both Statement 1 and 2 are false.
(C) Statement 1 is true but 2 is false. (D) Statement 2 is true but 1 is false.

OR

Statement 1: When shares are oversubscribed, pro-rata allotment may be done.
Statement 2: In pro-rata, some applicants may get more shares than applied.
Choose the correct option.
(A) Both Statement 1 and 2 are true. (B) Both Statement 1 and 2 are false.
(C) Statement 1 is true but 2 is false. (D) Statement 2 is true but 1 is false.

Q15) Debenture has been defined by _________________of the Companies Act 2013. (1)
(A) Section 2(30) (B) Section 2(35) (C) Section 2(40) (D) Section 3(20)

Q16) Akash Ltd issued 10,000; 10% debentures of Rs.100 each at a premium of 5% payable as follows: Rs.10 on application; Rs.20 including premium on allotment and the balance in first and final call. The amount transferred to securities premium is. (1)
(A) Rs.20,000 (B) Rs.30,000 (C) Rs.40,000 (D) Rs.50,000

OR

When debentures are issued as collateral which account is debited?
(A) Debenture Application A/c (B) Debenture Allotment A/c
(C) Debenture Suspense A/c (D) 6% Debenture A/c

Q17) Sukbir, Rajbir and Kulbir are three partners with a profit sharing ratio of 8:7:5. They decide that from now on they will be equal partners. On this date the following revaluations were noticed, they decide not to alter the book values of the items in the balance sheet.
Land is revalued from Rs.3,75,000 to Rs.4,00,000
Plant and machinery valued at Rs.2,00,000 was depreciated by 10%.
Creditors was changed from Rs.18,000 to Rs.20,000
Goodwill of the firm was valued at Rs.1,20,000
Pass a journal entry to show its impact. (Show the workings) (3)

Q18) Amrit and Aditya are partners they admitted Aman who comes in for 1/10 share which he acquire from Amrit and Adtiya in 2:3 ratio. Aman brings Rs.1,20,000 as capital but is only able to bring 60% of his share of goodwill. The goodwill of the firm is valued at Rs.2,00,000. Pass journal entries to show the above. (3)

OR

Pawan, Rahul and Sunil are three partners with a profit sharing ratio of 12:13:5. They admit Tim as a new partner he takes 1/10 from Pawan, 1/20 from Rahul and 1/10 of Sunil. The goodwill of the firm is Rs.2,40,000. Tim brings his share of goodwill along with a machinery worth Rs.2,00,000 as his capital contribution. Calculate the new profit sharing ratio; sacrificing ratio also pass journals.

Q19) Manoj, Neeraj and Osaid are three partners with a profit sharing ratio of 8:7:5. As Osaid now wants to settle in Dubai, they have decided to dissolve their firm the balance sheet on this date.

Liabilities	Amount	Assets	Amount
Capital A/c		Land and Building	3,00,000

Manoj 2,50,000		Plant and Machinery	2,00,000
Neeraj 1,75,000		Investment	1,80,000
Osaid 1,25,000	5,50,000		
		Inventory	1,20,000
Mrs.Manoj's Loan	1,50,000	Debtors	65,000
Osaid's Loan	1,00,000	Bills Receivable	25,000
Bank Loan	75,000	Cash at bank	10,000
Creditors	25,000		
	9,00,000		9,00,000

i) Land and Building was sold for Rs.4,75,000
ii) Plant and machinery could only fetch 30% of its value.
iii) Investment had a market value of Rs.2,00,000 and it was given to Mrs. Manoj in full settlement of loan.
iv) 30% of the Inventory was taken by Neeraj at an agreed value of Rs.20,000 rest was sold at 75% of its value
v) Debtors were taken by Osaid at Rs.50,000
vi) Expenses on realisation was Rs.10,000
Prepare realisation A/c (3)

Q20) Fill in the missing information. (3)

Journal

Date	Particulars	LF	Amount Dr	Amount Cr
	(A)		15,40,000	
	(B)		(C)	
	To Sundry Liabilities			3,80,000
	(D)			(E)
	(Bring assets and liabilities transferred purchased consideration			
	due and goodwill ascertained)			
	Max Ltd Dr		13,50,000	
	(F)		(G)	
	(H)			(I)
	(Being 15,000 ,12% Debenture of Rs.100 each issued at a 10%			
	discount as purchase consideration)			

OR

Sumita Ltd. purchased an established business for Rs.5,00,000 from Amrita Ltd . The consideration was paid Rs.50,000 by cheque and the balance by issue of 9% Debenture of Rs.100 each at 10% discount.

Q21) Chandu, Dinu and Eshan are partners with a profit sharing ratio 8:7:5. Dinu retires and the new profit sharing ratio becomes equal. The balance sheet on the date of retirement is

Liabilities	Amount	Assets	Amount
Capital A/c		Land and Building	1,70,000
Chandu 1,45,000		Plant and Machinery	1,00,000
Dinu 1,45,000		Investment	1,00,000
Eshan 1,20,000	4,10,000	Inventory	30,000
		Debtors	35,000
Creditors	40,000	Cash at Bank	15,000
	4,50,000		4,50,000

On Dinu's retirement the goodwill of the firm is valued at Rs.1,20,000. Market value of investment is 1,25,000 and Dinu takes it as a part payment. Rest is kept as a loan in the firm.
The following revaluation were also done.
i) Land was revalued to Rs.2,00,000
ii) Depreciate Plant and machinery by 15%.
Calculate the gaining ratio. Prepare Revaluation a/c and Capital A/c (4)

OR

Yasmin retires from firm of three partners of Xavier, Yasmin and Zelda they had a PSR of 4:3:3. Yasmin's share is taken by the partners in 3:2 ratio. The goodwill of the firm is 1,20,000. The balance of Yasmin's capital on the date of retirement was Rs.1,50,000. The balance sheet also had a General reserve of Rs.60.000. Yasmin was paid Rs54,000 on the date of retirement 31st March 2022 and the rest in two equal annual instalment together with interest of 10% p.a.

Calculate the new PSR and prepare Yasmin's Loan A/c till it is fully paid.

Q22) Zeus Ltd offered to public 1,25,000 shares payable as Rs.4 on application, Rs.3 on allotment and Rs.3 on first and final call. The company received applications for 1,80,000 share and it made pro rata allotment to 1,75,000 share. The remaining were refunded. Arman a shareholder who was allotted 5,000 shares failed to pay the allotment and call money. Pass journal entries. (4)

Q23) Vikram and Vetal are two partners with a profit sharing ratio 3:2.The balances of their capital account were Rs.2,00,00 and Rs.2,00,000 in the beginning of the year. Vikram introduced a further capital of Rs.1,00,000 in the middle of the year. They also had current account balances as Rs.8,500 (Dr) and 1,500 (Dr). Their partnership deed provided the following

i) Interest on capital at 10% p.a.

ii) Interest on drawings at 12% p.a.

iii) Vikram was to be paid a salary of Rs.2,500 per month

iv) Vetal was to get a commission of Rs.25,000.

Vikram withdrew Rs.3,000 p.m. at the end of every month while Vetal withdrew Rs.10,000 at the end of every quarter. Net profit of the year before making the above adjustments was Rs.90,220.

Prepare Profit and Loss Appropriation A/c, Capital A/c and Current A/c (6)

Q24) Aditya, Bikram and Chand are three partners with capital of Rs.1,20,000; Rs.1,50,000 and Rs.1,80,000 they admit Daman as the new partner. Aditya and Bikram gives 1/8th from their share and Chand give 1/10 of his share to Daman.

Daman brings Rs.1,53,000 as his capital, he also brings his share of goodwill. The goodwill of the firm is valued at 5 years purchase of the super profit. Average profit is Rs.84,000. Capital employed is Rs.6,00,000 normal rate of return in this type of business is 12%.

The old partners decide to adjust their capital, based on the new partners' capital as base. The goodwill of the firm appearing in the book is Rs.90,000 and the cash at bank balance is Rs.15,000

i) The new profit sharing ratio and sacrificing ratio is. (1)

(A) 25:35:25:36 and 7:6:5 (B) 25:25:36:34 and 15:15:4

(C) 8:7:5:5 and 2:2:1 (D) 31:31: 28: 10 and 5:3:2

ii) What is the goodwill of the firm and goodwill of Daman? (1)

(A) 60,000 and 17,000 (B) 90,000 and 23,000 (C) 1,20,000 and 34,000 (D) 1,25,000 and 40,000

iii) What journal entry is passed for distribution of goodwill brought in Daman? (1)

(A)	Premium for Goodwill A/c Dr 34,000 To Aditya's capital A/c 15,000 To Bikram's capital A/c 15,000 To Chand's capital A/c 4,000	(B)	Premium for Goodwill A/c Dr 17,000 To Aditya's capital A/c 7,500 To Bikram's capital A/c 7,500 To Chand's capital A/c 2,000
(C)	Daman's current A/c Dr 30,000 To Aditya's capital A/c 15,000 To Bikram's capital A/c 9,000 To Chand's capital A/c 6,000	(D)	Daman's current A/c Dr 34,000 To Aditya's capital A/c 13,600 To Bikram's capital A/c 13,600 To Chand's capital A/c 6,800

iv) The capital of the firm after Daman's admission will be? (1)

(A) Rs.4,50,000 (B) Rs. 4,80,000 (C) Rs.5,40,000 (D) Rs.8.40,000

v) What will be the capital balances of old partners after the adjustment of goodwill? (1)

(A) Aditya Rs.1,27,500; Bikram Rs.1,52,000 and Chand Rs.1,78,500
(B) Aditya Rs.1,27,500; Bikram Rs.1,57,500 and Chand Rs.1,82,000
(C) Aditya Rs.1,22,500; Bikram Rs.1,52,000 and Chand Rs.1,77,500
(D) Aditya Rs.97,500; Bikram Rs.1,27,500 and Chand Rs.1,52,000

vi) What is the capital of all the partners after adjusting it with the new partner? (1)
(A) Aditya Rs.1,27,500; Bikram Rs.1,52,000; Chand Rs.1,78,500 and Daman Rs.1,53,000
(B) Aditya Rs.97,500; Bikram Rs.1,27,500; Chand Rs.1,78,500 and Daman Rs.1,53,000
(C) Aditya Rs.1,12,500; Bikram Rs.1,12,500; Chand Rs.1,62,000 and Daman Rs.1,53,000
(D) Aditya Rs.1,33,500; Bikram Rs.1,53,000; Chand Rs.1,60,500 and Daman Rs.1,53,000

OR

Arth, Bikram and Chaman are three partners with a capital of Rs.1,20,000; Rs.1,50,000 and Rs.1,80,000. They admit Dipu who takes 1/10 of Arth, 1/5 of Bikram and 1/12 from Chaman. Dipu brings in Rs.1,32,000 and is only able to brings 50% of the premium for goodwill. Goodwill of the firm is Rs,2,40,000.
The Balance Sheet of Arth, Bikram and Chaman show apart from other things
Investment Fluctuation Reserve Rs.45,000 and Investment Rs.2,85,000 its market value is Rs.3,00,000 now.
Capital of the new firm is adjusted keeping Dipu's capital as the base.
Pass the required journal entries after Dipu's admission show all workings clearly.

Q25) Jupiter Cosmetics Ltd. Was set up with an authorised capital of Rs.1,00,00,000 divided into shares of Rs.10 each payable as Rs.4 on application Rs.3 on allotment Rs.2 on first call and the rest on final call.
It offered to public 80% of its shares and the public subscribed for 90% of the shares offered. All money were received except.
Atul a shareholder of 25,000 share paid the entire money on application.
Bipin another shareholder of 10,000 shares could only pay the application money
Chiku another shareholder of 20,000 shares failed to pay both the calls.
Pass journal entries. (6)

Q26) Pass journal entries
a) Pandit ltd purchased the running business of Pooja Ltd. for a consideration of Rs.10,80,000 payable by issue of 12% Debentures of Rs.100 each. Pooja Ltd had assets worth Rs.14,00,000 and external liabilities of Rs.3,80,000. Clearly state the number of debenture issued if
i) Consideration was paid by issue of debentures at par
ii) Consideration was paid by issue of debentures at 10% discount.
iii) Consideration was paid by issue of debentures at 8% premium. (4)
b) Chintu Ltd issued 5,000; 10% Debentures of Rs.100 each at Rs.97 redeemable at Rs.103. (2)

OR

Bruno Ltd purchased assets of the book value Rs.5,00,000 and took over liabilities of Rs.90,000 from Leo Ltd. It was agreed that the purchase consideration, settled at Rs.4,25,000, be paid by issuing 10% debentures of Rs.100 each. Any fraction of debenture be paid in cash. (Clearly state the number of debenture issued)
Pass journal entries if debentures were issue i) at 10% discount ii) at 10% premium

SECTION B (20 marks)

Q27) In comparative statement percentage change is calculated using the following formula. (1)

(A)	$\frac{\text{Absolute Change}}{\text{Amount of Current year}} \times 100$	(B)	$\frac{\text{Absolute Change}}{\text{Amount of Previous year}} \times 100$
(C)	$\frac{\text{Amount of Current Year}}{\text{Absolute Change}} \times 100$	(D)	$\frac{\text{Amount of Previous year}}{\text{Absolute Change}} \times 100$

Q28) If profit after tax is Rs.2,40,000 and the tax rate is 40%. What is profit before tax? (1)
(A) Rs.4,00,000 (B) Rs.3,60,000 (C) Rs. 7,20,000 (D) Rs.6,00,000

OR

Profit before tax is Rs.8,00,000 and the tax rate is 30%. The profit after tax will be.
(A) Rs.4,80,000 (B) Rs.5,60,000 (C) Rs. 6,40,000 (D) Rs.7,00,000

Q29) Which of the following is NOT included in cash and cash equivalent? (1)

(A) Bank Overdraft (B) Demand Deposits (C) Marketable Securities (D) Cash at Bank

Q30) Proposed dividend of current year (1)

(A) Is added with operating activity as cash inflows.
(B) Is added with financing activities as cash inflows.
(C) Is deducted from investing activity as cash outflows.
(D) Has no effect in the cash flow statement

Q31) Prepare a comparative statement of profit and loss. (3)

Particulars	N.No	31st March 2025	31st March 2024
Revenue from Operation.		6,20,000	5,00,000
Other income		1,00,000	75,000
TOTAL Revenue		7,20,000	5,75,000
Cost of materials		3,25,000	2,50,000
Changes in inventories		80,000	55,000
Employee benefit expenses		1,75,000	1,30,000
TOTAL Expenses		5,80,000	4,35,000
Profit Before Tax		1,40,000	1,40,000

Q32) Classify the following as Operating, Investing or Financing Activities. (3)

i) Cash received from bills receivables
ii) Redemption of Debentures
iii) Income Tax paid
iv) Sale of old machine
v) Commission Received
vi) Interest paid on Bank loan

OR

Calculate the Net profit before tax and extra ordinary items.

Particulars	31st March 2025	31st March 2024
Surplus (Balance in Statement of Profit and Loss	5,00,000	2,80,000
General Reserve	2,20,000	1,00,000
Provision of Tax	75,000	50,000

Additional information.

i) Interim dividend paid during the year Rs.1,20,000
ii) Proposed dividend for the year ended 31st March 2024 is Rs.60,000

Q33) Calculate cash Flow from Operating Activities from the following. (4)

Particulars	Amount (Rs)
Net profit after Tax	1,25,000
Depreciation	20,000
Loss on sale of machinery	15,000
Profit on sale of land	80,000
Goodwill amortized	15,000
Provision for tax	45,000

Additional information

Particulars	31st March 24	31st March 25
Inventory	40,000	50,000
Bills receivable	15,000	10,000
Bills payable	8,000	10,000
Debtors	47,000	45,000
Creditors	29,000	25,000

Outstanding wages	12,000	16,000
Prepaid electricity bill	10,000	15,000

Q34) Fill in the missing figures of the Common size Balance Sheets as on 31st march 2024 and 2025 (6)

EQUITY and LIABILITIES	31-3-24	31-3-25	% of BS Total	% of BS Total
Shareholder Fund				
Share capital	7,20,000	8,00,000	**(A)**	**(B)**
Reserve and Surplus	**(C)**	3,20,000	**(D)**	**(E)**
Non-current Liabilities				
Long term borrowings	1,60,000	**(F)**	**(G)**	16.00
Current liabilities				
Trade payable	**(H)**	1,00,000	5.00	6.67
Outstanding Expenses	20,000	40,000	**(I)**	2.67
TOTAL	12,00,000	15,00,000	100.00	100.00
ASSETS				
Non-current Assets				
Property, Plant and Equipment and Intangibles				
Property, Plant and Equipment	**(J)**	**(K)**	70.00	62.00
Intangibles	2,00,000	3,85,000	**(L)**	**(M)**
Current Assets				
Inventory	80,000	1,00,000	**(N)**	**(O)**
Trade receivables	50,000	70,000	**(P)**	**(Q)**
Cash and cash equivalent	**(R)**	**(S)**	2.50	1.00
TOTAL	12,00,000	15,00,000	100.00	100.00

ALL THE BEST