B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

TERM-1EXAMINATION, 2026-27
ACCOUNTANCY O55 (SET-2)

Class: XII	**Time: 3 hrs**
Date: 31.08.2026	**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) Partnership deed is also known as? (1)
(A) Article of partnership (B) Principle of partnership
(C) Principal of partnership (D) Draft of Partnership

Q2) Assertion (A): Partner's current Account may show a debit or credit balance.
Reason (R): Under fixed capital method all the appropriations are passed through capital account.
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) The profit of last four years were Rs.3,20,000; Rs.1,80,000, Rs.2,00,000 and Rs.1,60,000.The value of goodwill at 2.5 years purchase of average profit is. (1)
(A) Rs.4,25,000 (B) Rs.5,37,500 (C) Rs.4,00,000 (D) Rs.5,12,500

Q4) Under the weighted average profit method the value of goodwill is calculated by dividing the product of profit and weights by what? (1)
(A) Sum of the year (B) Number of years (C) Total of the weights (D) Average of weights

Q5) Normal business profit = Average Capital Employed X __________/100 (1)

(A) Annual Rate of Return (B) Natural Rate of Return

(C) Average Rate of return (D) Normal Rate of Return

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. The new profit sharing ratio is. (1)

(A) 3:3:2:1 (B) 18:12:12:8 (C) 27:18:9:6 (D) 3:2:2:1

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 goodwill of the firm was 1,20,000. Advertisement Suspense A/c is 60,000

Q8) The gaining ratio is (1)

(A) 5:2 (B) 5:3 (C) 3:2 (D) 1:2

Q9) The journal entry for treatment of goodwill is. (1)

(A)	Goodwill A/c Dr 1,20,000 To F's capital A/c 60,000 To G's capital A/c 36,000 To H's capital A/c 24,000	(B)	F's capital A/c 60,000 G's capital A/c 36,000 H's capital A/c 24,000 To Goodwill A/c Dr 1,20,000
(C)	F's capital A/c 36,000 H's capital A/c 24,000 To G's capital A/c 60,000	(D)	F's capital A/c 12,000 H's capital A/c 24,000 To G's capital A/c 36,000

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, 50,000 shares of Rs.10 to public. Applications were received for 1, 80,000 shares. Pro rata allotment was made to all. How many shares did Punit apply if he was allotted 6,000 shares?
(A) 7,200 (B) 7,800 (C) 8,000 (D) 10,400 (1)

Flipkart approves second ESOP liquidity event for employees

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

Q14) Statement 1: Shares can be issued at par, premium and discount
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 undersubscribed, 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) Amit,Binay and Chandu are three partners with a profit sharing ratio of 4:3:3. Their capital balance as on 1st April 2025 was Rs.2,40,000, Rs.2,00,000 and Rs.1,60,000.
On 1st October it was decided that the capital of the firm will be Rs.6,00,000 and it will be adjusted in their capital account by withdrawing cash or bringing in cash.
Binay has given his garage for the firms use the rent of the garage is Rs.4,000 p.m.
Their partnership deed provides
i) Interest on capital at 10% p.a.
ii) Commission to Amit and Binay at 5% each after charging both their commission on the net profit.
iii) Salary to Binay at Rs.2,500 p.a.
Profit of the year was Rs2,13,000 before the above adjustment. Prepare a Profit and Loss Appropriation A/c (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. Amrit and Aditya had a profit sharing ratio of 8:7. Aman brings Rs.1,20,000 as capital which is Rs.40,000 in form of furniture and rest in cash. He also brings his share of goodwill. The goodwill of the firm is valued at Rs.2,00,000. Calculate New Profit Sharing ratio and also 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 1/2 of his share of goodwill along Rs.2,00,000 as his capital. Calculate the new profit sharing ratio; sacrificing ratio also pass journals.

Q19) Manju, Neena and Omi are three partners with a profit sharing ratio of 5:3:2. They have decided to dissolve their firm the balance sheet on this date.

Liabilities		Amount	Assets	Amount
Capital A/c			Land	2,50,000
Manju	2,00,000		Building	1,50,000
Neena	1,75,000		Plant and Machinery	2,00,000
Omi	1,25,000	5,00,000	Investment	1,00,000
			Inventory	50,000
Bank Loan		2,50,000	Debtors	65,000
Creditors		85,000	Bills Receivable	25,000
Bills Payable		15,000	Cash at bank	10,000
		8,50,000		8,50,000

i) Land was sold for Rs.4,00,000 through an agent who charged 5% commission.
ii) Neena took the Building at an agreed valuation of Rs.1,25,000
iii) Plant and machinery could only fetch 30% of its value.
iv) Investment had a market value of Rs.2,00,000 and it was taken by Manju and Omi equally.
v) Inventory realised at 70% of its value
vi) Debtors were allowed discount of Rs.15,000
vii) Bank loan was paid with an interest of 8%
Prepare realisation A/c (3)

Q20) Fill in the missing information. (3)

Journal

Date	Particulars	LF	Amount Dr	Amount Cr
	(A)		15,00,000	
	(B)		(C)	
	To Sundry Liabilities			1,60,000
	(D)			(E)
	(Bring assets and liabilities transferred purchased consideration			
	due and goodwill ascertained)			
	Max Ltd Dr		14,40,000	
	(F)			(G)
	(H)			(I)
	(Being 12,000 ,12% Debenture of Rs.100 each issued at a 20%			
	premium 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	1,25,000		Plant and Machinery	1,20,000
Dinu	1,05,000			

Eshan 1,00,000	3,30,000	Inventory	30,000
		Debtors	35,000
Creditors	70,000	Cash at Bank	45,000
	4,00,000		4,00,000

On Dinu's retirement the goodwill of the firm is valued at Rs.1,20,000.
Dinu is paid Rs.26,200 in cash and 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

Frank retires from firm of three partners of Evan, Frank and Greg they had a PSR of 11:10:9. Frank's share is taken by the partners in 3:2 ratio. The goodwill of the firm is 1,50,000. The balance of Frank's capital on the date of retirement was Rs.1,22,000. The balance sheet also had a General reserve of Rs.60.000. Frank was paid Rs52,000 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 Frank'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) a) Shobha, Tara and Urmi are three partners with a profit sharing ratio of 5:3:2. Rs.1,80,000 profit of the year was distributed equally. Without taking into account any of the provisions of the partnership deed.
Their partnership deed provided the following
i) Interest on capital at 10% p.a.
ii) Interest on drawings at 12% p.a.
iii) Shobha was to be paid a salary of Rs.2,500 per month.
Capital at the beginning of the year was Rs.2,50,000; Rs.1,80,000 and Rs.1,70,000 respectively.
Drawings made by the partners were Rs.60,000 by each partner. Shobha withdrew equal amount at the beginning of each month. Tara withdrew equal amount at the each of each month. Urmi had withdrawn the entire amount in the middle of the year.
Prepare an adjustment table to show all the appropriation and pass an adjustment entry to correct the error. (4)

b) Varun, Wasim and Xavier are three partners with a profit sharing ratio of 11:10:9. Their partnership deed provided a guaranteed profit of Rs.80,000 to Wasim, any shortfall is the be managed by partners through their capital accounts. The profit of the year was Rs.2,22,000. Show the distribution of corrected profit by passing the required journal. (2)

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 $1/8^{th}$ 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.
Pass the required journal entries after Dipu's admission show all workings clearly.

Q25) Jupiter Cosmetics Ltd. offered 1,00,000 shares of Rs.10 each payable as Rs.4 on application Rs.6 on allotment including premium and Rs.2 on first call and final call.
All money were received except.
Atul a shareholder of 5,000 shares who failed to pay allotment and call money.
Bipin another shareholder of 3,000 shares who failed to pay call money. Both their shares were forfeited.
Pass journal entries. (6)

OR

Aman and Suman had subscribed 8,000 and 7,000 shares respectively. The shares were payable as Rs3 on application Rs.2 on allotment Rs.4 on first and Re.1 on final call.
Aman could only pay application and allotment money while Suman paid the application, allotment money and first call money. Both their shares were forfeited after the final call and later reissued. Pass journal entries if they were reissued as
Case I : All the shares were reissued at Rs.9 each
Case II : 12,000 shares were reissued at Rs.8 each
Case III: 12,000 shares including all shares of Aman were reissued at Rs.8 each.
Pass journal entries for all the cases separately don't use calls in arrears.

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)

SECTION B (20 marks)

Q27) Assertion: Common size Balance Sheet is the vertical analysis of Balance Sheet.
Reason: Total Assets is taken as 100 and all other figures of assets and liabilities are expressed as a percentage.
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.

Q28) If profit after tax is Rs.3,00,000 and the tax rate is 50%. What is profit before tax? (1)
(A) Rs.3,00,000 (B) Rs.5,00,000 (C) Rs. 6,00,000 (D) Rs.7,00,000

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) Which of the following is NOT true about cash flow statement? (1)
(A) Is shows cash outflows and cash inflows.
(B) It shows cash flows under three heads operating, investing and borrowing.
(C) Biggest limitation is that it does not show non-cash transactions.
(D) It is prepared as per a set format as per AS-3

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

Particulars	N.No	31st March 2025	31st March 2024
Revenue from Operation.		6,00,000	5,25,000
Other income		90,000	75,000
TOTAL Revenue		6,90,000	6,00,000
Cost of materials		3,00,000	2,50,000
Changes in inventories		80,000	1,00,000
Employee benefit expenses		1,75,000	1,25,000
TOTAL Expenses		5,55,000	4,75,000
Profit Before Tax		1,35,000	1,25,000

Q32) How are the following treated in Cash Flow Statement? (3)
i) Decrease in goodwill between two years.
ii) Increase in the value of Goodwill between two years.
iii) Income Tax refund.
iv) Increase in outstanding liability
v) Sale of machine at scrap value
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)

Common Size balance Sheet

EQUITY and LIABILITIES	31-3-24	31-3-25	% of BS Total	% of BS Total
Shareholder Fund				
Share capital	8,10,000	8,60,000	**(A)**	**(B)**
Reserve and Surplus	**(C)**	4,80,000	**(D)**	**(E)**
Non-current Liabilities				
Long term borrowings	2,50,000	**(F)**	**(G)**	22.00
Current liabilities				
Trade payable	**(H)**	1,80,000	4.00	9.00
Outstanding Expenses	20,000	**(I)**	**(J)**	2.00
TOTAL	15,00,000	20,00,000	100.00	100.00
ASSETS				
Non-current Assets				
Property, Plant and Equipment and Intangibles				
Property, Plant and Equipment	**(K)**	**(L)**	69.75	65.75
Intangibles	2,70,000	3,73,600	**(M)**	**(N)**
Current Assets				
Inventory	83,750	2,05,000	**(O)**	**(P)**
Trade receivables	70,000	87,600	**(Q)**	**(R)**
Cash and cash equivalent	**(S)**	**(T)**	2.00	0.94
TOTAL	15,00,000	20,00,000	100.00	100.00

ALL THE BEST