B. K. BIRLA CENTRE FOR EDUCATION, PUNE

(SENIOR SECONDARY CO-ED DAY CUM RESIDENTIAL SCHOOL, AFFILIATED TO CBSE NEW DELHI)

B K BIRLA CENTRE FOR EDUCATION
(Sarala Birla Group of Schools)

INDIAN PUBLIC SCHOOLS' CONFERENCE

MID TERM EXAMINATION, 2023-24

SUBJECT: ACCOUNTANCY

CLASS XII – COMMERCE | **Time Allowed: Three Hours**

Date: 21 October 2023 (Saturday) | **Max. Marks: 80**

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. *Question Nos. **1 to 16 and 27 to 30** carries **1** mark each.*
4. *Questions Nos. **17 to 20, 31and 32** carries **3** marks each.*
5. *Questions Nos. **21, 22 and 33** carries **4** marks each.*
6. *Questions Nos. from **23 to 26 and 34** carries **6** marks each.*

PART A – ACCOUNTING FOR PARTNERSHIP FIRM

1. A and B are partners sharing profits and losses equally. They admitted C as a partner with an equal share giving him a guarantee of minimum ₹50,000 profit p.a. The profit for the year after C's admission was ₹1,20,000. What will be the net amount that will be credited to A's Capital A/c? **(1)**

a) ₹50,000 b) ₹40,000 c) ₹35,000 d) ₹80,000.

2. If a partner withdraws an equal amount in the beginning of each month for a period of 10 months, what will be the average period for calculation of Interest on Drawings? **(1)**

a) 6.5 months b) 7.5 months c) 6 months d) 5.5 months.

3. If Average Profit =₹ 1, 60,000, Actual Capital Employed = ₹ 5, 00,000. If rate of Normal Profit = 20%. What is the amount of Super Profit? **(1)**

(a) ₹ 60,000 (b) ₹ 1, 00,000 (c) ₹ 20,000 (d) ₹ 80,000

4. Calculate the value of goodwill at 3 years' purchase of Super Profit, when: Capital employed ₹ 2, 50,000; Average profit ₹ 30,000 and normal rate of return is 10%. **(1)**

(a) ₹ 3000 (b) ₹ 25,000 (c) ₹ 30,000 (d) ₹15,000

5. X and Y shared profits and losses in the ratio of 3:2. With effect from 1st April 2019 they agreed to share profit equally. The Goodwill of the firm was valued at Rs. 60,000. The adjustment entry will be **(1)**

(a) Debit Y and credit X with Rs. 6,000 (b) Debit X and credit Y with Rs. 6000
(c) Debit X and credit Y with Rs. 600 (d) Debit Y and credit X with Rs. 600

6. In case of change in profit sharing ratio, workmen compensation reserves existing in the Balance sheet is transferred to Capital A/c of Partners. **(1)**

(a) After providing for claim of workmen if any (b) Ignoring the claim of workmen (if any)
(c) Both a & b the above (d) None of the above

7. The Credit Balance of Profits and Loss appears in the books at the time of admission of partner will be transferred to: **(1)**

(a) Profit and Loss Appropriation Account (b) All Partners Capital Account
(c) Old Partners Capital Account (d) Revaluation Account

8. Goodwill of the firm is valued at ₹ 1, 00,000. Goodwill also appears in the books at ₹ 50,000. C is admitted for1/4th Share. The amount of goodwill to be brought in by C will be:
(1)

(a) ₹ 20,000 (b) ₹ 25,000 (c) ₹ 30,000 (d) ₹ 40,000

9. If the new partner brings any additional amount of cash other than his capital contributions then it is termed as: **(1)**

(a) Capital (b) Reserves (c) Profits (d) Premium for Goodwill

10. X & Y are partners sharing profits and losses in the ratio of 3 : 2. Z is admitted for 1/5th share in profits which he gets from X. New profit sharing ratio will be **(1)**

(a) 12 : 8 : 5 (b) 8 : 12 : 5 (c) 2 : 2 : 1 (d) 2 : 2 : 2

11. X, Y and Z are partners sharing Profits and Losses in the ratio of 8 : 7 : 5. Z retires and his share is taken equally by X and Y. Find the new profit sharing ratio. **(1)**

(a) 9 : 21 (b) 7 : 5 (c) 5 : 7 (d) 21 : 19

12. Goodwill given in the old Balance Sheet at the time of retirement will be: **(1)**

(a) Written off by the old partners (b) Credited to old Partners Capital accounts
(c) Distributed by Gainer partners (d) Written off by the Sacrificing partners

13. New Ratio – Old Ratio =? **(1)**

(a) Gain Ratio (b) Both Sacrificing ratio and New ratio of continuing partners
(c) New ratio of continuing partners (d) Sacrificing ratio

14. At the time of dissolution of firm, unrecorded liability will be shown in: **(1)**

(a) Debit side of partners' capital A/c (b) Credit side of Realisation A/c
(c) Debit side of Realisation A/c (d) Debit side of cash A/c

15. At the time of dissolution of firm, when asset is taken over by a creditor: **(1)**

(a) No Entry in this case (b) Debit side of Realisation A/c
(c) Only in Cash A/c (d) Credit side of Realisation A/c

16. Money realised from the sale of unrecorded assets is debited to the _________ **(1)**

(a) Partners capital account
(b) Balance Sheet
(c) Revaluation Account
(d) Cash Account

17. X, Y and Z are partners sharing profits and losses in the ratio of 5 : 3 : 2. They decide to share future profits and losses in the ratio of 2 : 3 : 5 with effect from 1st April, 2019. Following items appear in the Balance Sheet as at 31st March,2019:

General Reserve 75,000 Advertisement Suspense A/c (Dr.) 50,000
Workmen Compensation Reserve 12,500 Profit and Loss Account (Cr.) 37,500

Pass necessary Journal entries to adjust the above. **(3)**

18. Anant, Gulab and Khushbu were partners in a firm sharing profits in the ratio of 5: 3 : 2. From 1st April, 2023, they decided to share the profits equally. For this purpose, the goodwill of the firm was valued at 2,40,000.

Pass necessary journal entry for the treatment of goodwill on change in the profit sharing ratio of Anant, Gulab and Khushbu. **(3)**

19. X, Y, and Z are partners sharing profits and losses in the ratio of 4: 3: 2. Y retires and surrenders 1/9th of his share in favour of X and the remaining in favour of Z. Calculate the new profit-sharing ratio and the gaining ratio. **(3)**

20. Pass journal entries for the following transactions. **(3)**

(I)) Realization expenses amounted to Rs. 20,000 were paid by the firm on behalf of a partner.

(II) A partner was paid remuneration (including expenses) of Rs. 30,000 to carry out dissolution of the firm. Actual expenses were Rs. 40,000.

(III) Dissolution expenses were Rs. 32,000. Out of the said expenses, Rs. 12,000 to be borne by the firm and the balance by a partner, Rs. 32,000 are paid by the firm.

21. The profits for the previous three years are given below:

2018-2019 Rs.23,000 (including an abnormal gain of Rs.8,000)

2019-2020 Rs.40,000 (after charging an abnormal loss of Rs.12,000)

2020-2021 Rs.38,000 (after writing off bad debts amounting to Rs.6,000)

Calculate the amount of goodwill at two years purchase of the average profits of the last three years. **(4)**

22. Vijay & Sanjay are partners in a firm sharing profits and losses in the ratio of 3:2. They admitted Ajay into partnership with 1/4 share in profits. Ajay brings in ⍰ 30,000 for capital & the requisite amount of premium in cash. The goodwill of the firm is valued at ⍰ 20,000. The new profit sharing ratio is 2:1:1. Vijay & Sanjay withdraw their share of goodwill. Give necessary journal entries. **(4)**

23. P and Q are partners with capitals of Rs.6,00,000 and Rs.4,00,000 respectively. The profit and Loss Account of the firm showed a net Profit of Rs.4,26,800 for the year. Prepare Profit and Loss Appropriation account after taking the following into consideration:-

i. Interest on P's Loan of Rs. 2,00,000 to the firm for the year
ii. Interest on capital to be allowed @ 6% p.a.
iii. Interest on Drawings @ 8% p.a. Drawings were ; P Rs 80,000 and Q Rs. 50,000.
iv. Q is to be allowed a commission on sales @ 3%. Sales for the year was Rs. 20,00,000
v. 10% of the divisible profits is to be kept in a Reserve Account. **(6)**

24. C and D are partners in a firm sharing profits in the ratio of 4: 1. On 31st March, 2016, their balance sheet was as follows: **Balance Sheet** as at 31st March, 2016

Liabilities	Amt (Rs)	Assets	Amt (Rs)
Sundry Creditors	40,000	Cash	24,000
Provision for Bad Debts	4,000	Debtors	36,000
Outstanding Salary	6,000	Stock	40,000
General Reserve	10,000	Furniture	80,000
Capital A/cs		Plant and Machinery	80,000
C 1,20,000			
D 80,000	2,00,000		
	2,60,000		2,60,000

On the above date, E was admitted for 1/4th share in the profits on the following terms: -

i. E will bring Rs1,00,000 as his capital and Rs 20,000 for his share of goodwill premium, half of which will be withdrawn by C and D.

ii. Debtors Rs 2,000 will be written off as bad debts and a provision of 4% will be created on debtors for bad and doubtful debts.

iii. Stock will be reduced by Rs 2,000, furniture will be depreciated by Rs 4,000 and 10%, depreciation will be charged on plant and machinery.

iv. Investments Rs 7,000 not shown in the balance sheet will be taken into account.

v. There was an outstanding repairs bill of ^ 2,300 which will be recorded in the books

Pass necessary journal entries for the above transactions in the books of the firm on E's admission **(6)**

25. X, Y and Z were in partnership sharing profits in the ratio of 3:2:1. On 1st April, 2023 the Balance Sheet of the firm stood as follows: **(6)**

Balance Sheet

Liabilities	?	Assets	?
Provision for Doubtful Debts	1,300	Cash at Bank	10,000
Sundry Creditors	15,000	Debtors	16,000
Capitals:		Stock	20,300
X 78,750		Machinery	60,000
Y 70,000		Land and Building	1,20,000
Z 61,250	2,10,000		
	2,26,300		2,26,300

Z retires on the above date and the new profit sharing ratio between X and Y will be 5 : 4. Following terms were agreed :

i. Land and Buildings be reduced by 10%.

ii. Out of the insurance premium paid during the year ? 5,000 be carried forward as unexpired.

iii. There is no need of any provision for doubtful debts.

iv. Goodwill of the firm be valued at ? 54,000.

v. X and Y decided that their capitals will be adjusted in their new profit sharing ratio, by bringing in or paying cash to the partners. Z's a/c will be transferred to his loan a/c.

Pass necessary journal entries; prepare the capital accounts and the new balance sheet.

26. Arnab, Ragini and dhrupad are partners sharing profits in the ratio of 3:1:1. On 31st March 2021 they decided to dissolve their firm. On that date their balance sheet was as under:

Balance Sheet (As at 31st March, 2021)

Liabilities		Amount	Assets		Amount
Creditors		60,000	Bank		50,000
Arnab's Brother's Loan		95,000	Debtors	1,70,000	
Dhrupad's Loan		1,00,000	(-) Prov. for bad debts	20,000	1,50,000
Investment Fluctuation Fund		50,000	Stock		1,50,000
Capital A/cs			Investments		2,50,000
Arnab	2,75,000		Building		3,00,000
Ragini	2,00,000		Profit and loss A/c		50,000
Dhrupad	1,70,000	6,45,000			
		9,50,000			**9,50,000**

The assets were realized and the liabilities were paid as under

(i) Arnab agreed to pay his brother's loan.

(ii) Investments realized 20% less

(iii) Creditors were paid 10% less

(iv) Building was auctioned for Rs 3,55,000. Commission on auction was Rs 5,000.

(v) 50% of the stock was taken over by Ragini at market price which was 20% less than the book value and the remaining was sold at market price.

(vi) Dissolution expenses were Rs. 8,000. Rs 3,000 were to be borne by the firm and the balance by dhrupad. The expenses were paid by him.

Prepare realization account, bank account and partners' capital account **(6)**

PART B – ANALYSIS OF FINANCIAL STATEMENTS

27. Claim against the company not yet acknowledged as debt, is a …. **(1)**
(a) Provisions (b) Current Liability
(c) Reserve and Surplus (d) Contingent Liability

28. Loose Tools, Stock-in-Trade, Stores and Spare Parts comes under the **(1)**
(a) Other Current Assets (b) Cash and Cash Equivalents
(c) Trade Receivables (d) Inventories

29. When analysis is made on the basis of Published statements, reports and information it is known as….. **(1)**
(a) External analysis (b) Internal Analysis
(c) Horizontal analysis (d) Vertical Analysis

30. Following are the limitations of financial analysis except **(1)**
(a) Affected by the personal ability and bias of the Analyst
(b) To make comparative study within the firm and with other firms
(c) Single years' Analysis of financial statement have limited use.
(d) Don't reflect changes in price level.

31. From the following details provided by Kumud Ltd., prepare Comparative Statement of Profit & Loss for the year ended 31st March, 2021: **(3)**

Particulars	31.03.2020 (₹)	31.03.2021 (₹)
Revenue from Operations	30,00,000	35,00,000
Other Income	3,00,000	4,50,000
Cost of materials Consumed	20,00,000	23,00,000
Other Expenses	1,00,000	1,20,000
Tax Rate	40%	40%

32. From the following Balance Sheet of R Ltd, Prepare a Common Size Statement **(3)**

Balance Sheet of R Ltd (as at 31st March, 2020)

Particulars	Note No.	31.03.2020 (₹)	31.03.2019 (₹)
Equity & Liabilities			
(1) Shareholders Funds			
(a) Share Capital		2,50,000	2,00,000
(b) Reserve & Surplus		80,000	60,000
(3) Current Liabilities			
Trade Payables		70,000	40,000
Total		4,00,000	3,00,000
Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible assets		1,60,000	1,20,000
Intangible assets		20,000	30,000
(2) Current Assets			
(a) Inventories		80,000	30,000
(b) Trade Receivables		1,20,000	1,00,000
(c) Cash & Cash Equivalents		20,000	20,000
Total		4,00,000	3,00,000

33. (a) Calculate 'Debt-Equity Ratio' from the following information:
Total Assets : Rs. 3,50,000
Total Debt : Rs. 2,50,000
Current Liabilities : Rs. 80,000

(b) Calculate Current Ratio if:
Inventory is ⍰ 6,00,000; Liquid Assets ⍰ 24,00,000; Quick Ratio 2 : 1. **(4)**

34. Following are the Balance Sheets of Greenland Limited as on 31st March 2017 and 31st March 2016:

Particulars	**Note No.**	**31st March 2016-17 (Rs.)**	**31st March 2015-16 (Rs.)**
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital		12,00,000	9,00,000
(b) Reserves and Surplus (Profit Balance)		3,50,000	1,00,000
2. Non-current Liabilities			
Long-term Borrowings : Bank Loan		4,40,000	2,30,000
3. Current Liabilities			
(a) Trade Payables (Creditors)		60,000	3,70,000
Total		20,50,000	16,00,000
II Assets			
1. Non-current Assets			
(a) Fixed Assets:			
(i) Tangible Assets : Machinery		12,00,000	9,00,000
2. Current Assets			
(a) Inventories (Stock)		2,00,000	1,00,000
(b) Trade Receivables (Debtors)		3,10,000	2,30,000
(c) Cash and Cash Equivalents		3,40,000	3,70,000
Total		20,50,000	16,00,000

Adjustments:
(i) The Company paid interest Rs.36,000 on its long term borrowings.
(ii) Depreciation provided on fixed assets during the year amounted to Rs.1,20,000.
(iii) An old Machinery having book value of Rs.42,000 was sold for Rs.56,000.

Prepare Cash Flow Statement from the above information **(6)**

***************BEST OF LUCK***************