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Candidates must write the Set No. on the title page of the answer book.

**DAV PUBLIC SCHOOLS, ODISHA ZONE
HALF YEARLY EXAMINATION, 2023-24**

- Please check that this question paper contains **10** printed pages.
- Set number given on the right hand side of the question paper should be written on the title page of the answer book by the candidate.
- Check that this question paper contains **34** questions.
- Write down the Serial Number of the question in the left side of the margin before attempting it.
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed 15 minutes prior to the commencement of the examination. The students will read the question paper only and will not write any answer on the answer script during this period.

CLASS- XII

SUB: ACCOUNTANCY (055)

Time : 3 Hours

Maximum Marks: 80

General Instructions:

- All the questions are compulsory.
- Questions 1 to 20 carry 01 mark each.
- Questions 21 to 26 carry 03 marks each.
- Questions 27 to 29 carry 04 marks each.
- Questions 30 to 34 carry 06 marks each.
- Make formats neatly.
- Give working notes, wherever necessary.
- There is no overall choice. However, an internal choice has been provided in **7** questions of **one mark**, **2** questions of **three marks**, **1** question of **four marks** and **2** questions of **six marks**.

Accounting for Partnership Firms and Companies.

1. A, B, C and D are partners in a firm. They want to expand their business for which additional capital and more managerial experts are required. For this they want to admit more members in their firm. What is the maximum number of additional members that can be admitted by them in the firm?

a. 2

b. 50

c. 20

d. 46

1

2. **Assertion:** Premium received on issue of shares is credited to Securities Premium Account.

Reason: Securities Premium Account is a reserve, hence, may be credited to General Reserve.

In the context of above two statements, which of the following is correct? 1

- a. Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A)
- b. Assertion (A) and Reason (R) are correct but Reason (R) is the correct explanation of Assertion (A).
- c. Only Assertion (A) is correct.
- d. Assertion (A) is not correct but Reason (R) is correct.

3. A company issued 20,000 equity shares of Rs.10 each at par payable as under: 1

On application Rs.3; on allotment Rs.4; on first call Rs.2 and on final call Rs.1 per share.

Applications were received for 50,000 shares. Allotment was made pro-rata. How much amount will be received in cash on allotment?

- a. Rs.10,000
- b. Rs.80,000
- c. Nil
- d. Rs.90,000

4. X. Ltd. purchased a building for Rs.60,00,000 payable as 20% in Cash and balance by allotment of 8% Debentures of Rs.500 each at a premium of 20%. Number of debentures issued will be: 1

- a.9,600
- b. 8,000
- c. 12,000
- d. 10,000

OR

If Vendors are issued debentures of Rs.80,000 in consideration of net assets of Rs. 1,00,000, the balance of Rs. 20,000 will be credited to:

- a. State of Profit and Loss
- b. Goodwill Account
- c. General Reserve Account
- d. Capital Reserve Account

5. X Ltd issued 2,000, 9% Debentures of Rs.100 each at Rs.110 per debenture. Premium on redemption of debenture account will be credited with: 1

- a. Rs.2,00,000
- b. Rs.2,20,000
- c. Rs.1,80,000
- d. Rs.20,000

6. Capital employed by a partnership firm is Rs 5,00,000. Its average profit is Rs 60,000. The normal rate of return is similar type of business is 10%. The amount of super profit is: 1

- a. Rs 50,000
- b. Rs 10,000
- c. Rs 6,000
- d. Rs 56,000

OR

Calculate Manager's Commission if profit is Rs 66,000 and commission is allowed at 10% after charging such commission

- a. Rs. 6,600
- b. Rs. 5,500
- c. Rs. 6,000
- d. Rs 5,000

7. Which of the following accounts will be debited for transferring loss on Revaluation of Assets and Reassessment of Liabilities at the time of admission of a new partner into the partnership firm ? 1

- a. Old partner's capital accounts in old profit-sharing ratio
- b. Old partners' capital accounts in sacrificing ratio
- c. All partners' capital accounts (including incoming partner) in new profit sharing
- d. Revaluation Account

8. Due to change in profit sharing ratio, X's sacrifice is $\frac{3}{10}$, while Z's gain is $\frac{3}{10}$. They decided to record the effect of the following without affecting the book figures, by passing an adjustment entry: 1

Particulars	Amount(Rs.)
General Reserve A/c	35,000
Profit and Loss A/c	15,000
Advertisement Suspense A/c (Dr)	20,000

The necessary adjustment entry will be:

- a. Dr Z and Cr X by 9,000 b. Dr X and Cr Y by 9,000
c. Dr X and Cr Y by 18,000 d. Dr Y and Cr X by 9,000
9. Mini and Mansi are partners sharing profits in the ratio of 4:3. They admitted Nisha as a new partner for $\frac{3}{7}$ th share in profits which she acquired $\frac{2}{7}$ th from Mini and $\frac{1}{7}$ th from Mansi. The new profit-sharing ratio of Mini, Mansi and Nisha will be: 1
- a. 4:3:3 b. 5:3:2 c. 2:3:5 d. 2:2:3

OR

Ashok and Sudha were partners in a firm sharing profits and losses in the ratio of 3:1. They admitted Bani as a new partner. Ashok sacrificed $\frac{1}{4}$ th of his share and Sudha sacrificed $\frac{1}{4}$ th of her share in favour of Bani. Bani's share in the profits of the firm will be:

- a. $\frac{5}{8}$ b. $\frac{1}{8}$ c. $\frac{1}{4}$ d. $\frac{7}{16}$
10. L and M are partners in a firm sharing profits and losses in the ratio of 3:2. Their capitals were Rs 6,40,000 and Rs 4,00,000 respectively. N was admitted for $\frac{1}{5}$ th share in the profits of the firm. He brought Rs 4,80,000 as his capital, the goodwill of the firm will be 1
- a. Rs 8,80,000 b. Rs 1,76,000 c. Rs 13,60,000 d. Rs 2,72,000
11. Khushi, Namita and Manvi were partners in a firm sharing profits and losses in the ratio of 5:2:3. On 30th June, 2022, Khushi died. The partnership deed provided that on the death of a partner her share of profit till the date of death was to be calculated on the basis of average profit of last three years less Rs 10,000. 1

Profit for last three years were:

Year ended	Profit /loss (Rs)
31 st March 2020	1,20,000
31 st March 2021	(50,000)
31 st March 2022	1,70,000

Khushi's share of profit till the date of her death was:

- a. Rs. 35,000 b. Rs. 9,583 c. Rs. 28,750 d. Rs. 8,750

OR

A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. C retired and his capital balance after adjustments regarding reserves, accumulated profit and losses and his share of gain on revaluation was Rs 2,50,000. C was paid Rs 3,22,000 including his share of goodwill. The amount credited to C's capital account, on his retirement, for goodwill will be:

- a. Rs. 72,000 b. Rs. 7,200 c. Rs. 24,000 d. Rs. 36,000

12. Gupta and Gourav are partners in a firm sharing profits and losses in the ratio of 5: 1.

Balance Sheet (an Extract)

Liabilities	Rs.	Assets	Rs.
		Building	8,00,000

If value of building in the balance sheet is undervalued by 20%, then at what value will building be shown in new balance sheet: 1

- a. Rs. 8,80,000 b. Rs. 9,60,000 c. Rs. 6,40,000 d. Rs. 10,00,000

13. The super profit of a firm is Rs. 28,000. If normal rate of return is 7%, then the amount of goodwill by capitalisation of super profit method will be: 1

- a. Rs. 28,000 b. Rs. 2,80,000 c. Rs. 4,00,000 d. None of these

14. A machinery for Rs 1,25,000 was purchased from J.K. Machines Ltd. The payment was made by issuing equity shares of Rs 10 each at a premium of 25%. Which of the following journal entry is correct? 1

Date	Particulars	LF	Dr.(Rs)	Cr (Rs)
a.	J.K. Machines Ltd.....Dr To Equity share capital A/c		1,25,000	1,25,000
b.	J.K. Machines Ltd.....Dr To Equity share capital A/c To Securities Premium A/c		1,25,000	1,00,000 25,000
c.	J.K. Machines Ltd.....Dr To Equity share capital A/c To Bank A/c		1,25,000	1,00,000 25,000
d.	None of the above			

OR

Birbal Ltd issued 40,000 equity shares of Rs 10 each at a premium of 20%. The amount was payable as follows:

On application- Rs 3 per share

On allotment – Rs 5 per share (including premium)

On first call – Rs 2 per share

On final call – Rs 2 per share

The issue was fully subscribed. Ram, a shareholder of 600 shares, paid the entire share money with application. At the time of transferring the share application money, calls in advance will be:

- a. Credited with Rs 5,400 b. Debited with Rs 2,400
c. Credited with Rs 2,400 d. Credited with Rs 4,200

15. **Assertion (A):** Loan and advances to a partner are not shown in P & L Appropriation Account.

Reason (R): Loan and advances are not charge against the profit. 1

In the context of the above statements, which one of the following is correct?

- a. (A) is correct, but (R) is wrong b. Both (A) and (R) are correct
c. (A) is wrong, but (R) is correct d. Both (A) and (R) are wrong

16. Ashoka Ltd had issued 10,000 equity shares of Rs 10 each a premium of Rs 2. It had called the total issue price of the share. Few shareholders had not paid the first and final call of Rs 3 and their shares were forfeited. On forfeiture, Share Capital account will be debited by 1
 a. Rs 10 per share b. Rs 12 per share c. Rs 7 per share d. Rs 3 per share

OR

Alpha company forfeited 3,000 shares of Rs.10 each, on which only Rs. 5 per share (including Rs.1 premium) has been paid. Out of these, few shares were re-issued at a discount of Rs.1 per share and Rs. 6,000 were transferred to Capital Reserve. How many shares were re-issued?
 a. 3,000 shares b. 1,000 shares c. 2,000 shares d. 1,500 shares

17. Given below two statements- Statement (I) and Statement (II) 1

Statement (I): Loss on issue of Debenture A/c is a liability, whereas Premium on Redemption of Debenture A/c is an expenditure account.

Statement (II): At the time of making payment due (i.e., Redemption of Debentures), 'Premium on Redemption of Debentures A/c is credited.

Choose the correct alternative from the following:

- a. Both statement (I) and statement (II) are correct.
 b. statement (I) is correct and statement (II) is incorrect.
 c. statement (I) is incorrect and statement (II) is correct.
 d. Both statement (I) and statement (II) are incorrect.
18. Shyam Ltd. took over the following assets and liabilities of Krishna Ltd. On 1st April, 2023.

Particulars	Amount (Rs.)
Land and Building	50,00,000
Furniture	10,00,000
Stock	5,00,000
Creditors	7,00,000

The purchase consideration of Rs 60,00,000 was paid by issuing 12% Debenture of Rs 100 each at a premium of 20%. In the books of Shyam Ltd, 12% Debenture a/c will be: 1

- a. Debited by Rs. 60,00,000
 b. Credited by Rs. 60,00,000
 c. Credited by Rs. 50,00,000
 d. Debited by Rs. 50,00,000

OR

Mehar Ltd. Issued Rs 1,00,000, 12% Debentures of Rs 100 each at a premium of 5% redeemable at a premium of 2%. Premium on Redemption Account will be:

- a. Debited by Rs 5,000
 b. Credited by Rs 5,000
 c. Debited by Rs 2,000
 d. Credited by Rs 2,000

Read the following hypothetical situation, answer question no. 19 and 20

Pooja and Neel are partners sharing profits in the ratio of 3:2 with capitals of Rs 2,50,000 and Rs 1,50,000 respectively. Interest on Capital is agreed @ 6% p.a. Neel is to be allowed annual salary of Rs 12,500. During the year ended 31st March 2022, the profits of the year prior to calculation of interest on capital but after charging Neel's salary amounted to Rs 62,500. A provision of 5% of the profits is to be made in respect of manager's commission. Following there is a Profit and Loss Appropriation Account.

Profit And Loss Appropriation Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To interest on capital	_____	By Profit and Loss a/c	_____
Pooja	_____		
Neel	_____		
To Neel's Salary a/c	12,500		
To profit transferred to			
Pooja capital a/c	_____		
Neel capital a/c-	_____		
	_____		_____

19. Pooja's profit will be 1
a. Rs 14,250 b. Rs 20,850 c. Rs 18,000 d. Rs 15,400
20. Neel's profit will be: 1
a. Rs 12,900 b. Rs 13,900 c. Rs 14,250 d. Rs 15,900
21. i. X, Y and Z are partners sharing profits in the ratio of 4: 3: 2 respectively. Y retired and surrendered 1/9th of his share of profit to X and remaining in favour of Z. Calculate the new profit-sharing ratio of X and Y. (1.5 + 1.5=3)
- ii. Amar, Vineet and Kamal are partners sharing profits in the ratio of 1/2, 3/10, and 1/5 respectively. Vineet retired from the firm and Amar and Kamal decided to share future profits in 3: 2 ratios. Calculate gaining ratio of Amar and Kamal.

OR

Kavi, Ravi, Kumar and Guru were partners in a firm sharing profits in the ratio of 3:2:2:1. On 01.02.2023, Guru retired and the new profit sharing ratio decided between Kavi, Ravi and Kumar was 3:1:1. On Guru's retirement the goodwill of the firm was valued at Rs.3,60,000. Showing your working notes clearly, pass necessary journal entry in the books of the firm for the treatment of goodwill on Guru's retirement. 3

22. Madhu and Vidhi are partners in a firm. Their balance sheet showed furniture at Rs. 5,00,000, stock at Rs 3,50,000; debtors at Rs 4,05,000 and creditors at Rs 1,50,000. Gayatri is admitted as a partner and new profit sharing ratio is agreed at 2:3:5. Stock was revalued at Rs 2,50,000, creditors of Rs 37,500 are not likely to be paid, debtors for Rs.5,000 have become irrecoverable and provision for doubtful debts to be provided at 10%. Madhu's share in loss on revaluation amounted to Rs 75,000. Calculate the revalued value of furniture. 3
23. X, Y and Z are partners sharing profits in the ratio of 4:3:1. Y retires, giving his share of profits to X and Z for Rs.32,400; Rs.14,400 being paid by X and Rs. 18,000 by Z. Profit for the year after Y's retirement was Rs.42,000.
You are required to give necessary journal entries to record the transfer of Y's share to X and Z. X and Z bring the necessary amount. 3
24. Samiksha, Ash and Divya were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 1st April, 2019, they agreed to share future profits and losses in the ratio of 2:5:3. Their balance sheet showed a debit balance of Rs 50,000 in the profit and loss account and a balance of Rs 40,000 in the investment fluctuation fund. For this purpose, it was agreed that:
(i) Goodwill of the firm be valued at Rs 3,00,000
(ii) Investment of book value of Rs 5,00,000 be valued at Rs 4,80,000.
Pass necessary journal entries to record the above transactions in the books of the firm. 3

25. B Ltd. took loan of Rs. 8,00,000 from PNB and issued 10,000; 9% Debentures of Rs. 100 each as collateral security. How will issue of Debentures be shown in the Balance Sheet and also pass the Journal entry?

OR

Deepak Ltd. purchased furniture of Rs.2,20,000 from M/s Furniture Mart. 50% of the amount was paid to M/s Furniture Mart by accepting a bill of exchange and for the balance, company issued 9% Debentures of Rs.100 each at a premium of 10% in favour of M/s Furniture Mart. Pass necessary journal entries in the books of Deepak Ltd. for the above transactions. 3

26. The Directors of a Company forfeited 500 shares of Rs.10 each issued at a premium of Rs.3 per share, for the non-payment of first call money of Rs.3 per share. The final call of Rs.2 per share has not been made. Half of the forfeited shares were reissued at Rs.2,500 fully paid. Record the journal entries for the forfeiture and reissue of shares. 3
27. Ajay, Binay and Chetan were partners sharing profits in the ratio of 3:3:2. The partnership deed provided for the following: 4
- i. Salary of Rs.2,000 per quarter to Ajay and Binay
 - ii. Chetan was entitled to a commission of Rs.8,000
 - iii. Binay was guaranteed a profit of Rs.50,000 p.a.
- The profit of the firm for the year ended 31st March, 2023 was Rs.1,50,000 which was distributed among Ajay, Binay and Chetan in the ratio of 2:2:1 without taking into consideration the provisions of partnership deed. Pass necessary rectifying entry for the above adjustments in the books of the firm. Show your working note clearly.

OR

A and B are partners in the ratio of 3: 2. The firm maintains fluctuating capital account and the balance of the same as on 31.03.2023 amounted to Rs.1,60,000 and Rs.1,40,000 for A and B respectively. Their drawings during the year were Rs.30,000 each. As per partnership deed interest on capital @10% p.a. on opening capitals had been provided to them.

Calculate opening capitals of partners given that their profits were Rs.90,000. Show your working clearly.

28. Simran purchased Anita's business on 1st April, 2022. It was agreed to value goodwill at three years' purchase of average normal profit of the last four years. These profits of Anita's business for the last four years were: 4

Year ended	Profit /loss (Rs)
31 st March 2019	90,000
31 st March 2020	1,60,000
31 st March 2021	1,80,000
31 st March 2022	2,20,000

Following further facts are identified from the books of account:

- i. During the year ended 31st March 2019, an asset was sold at a gain of Rs 10,000.
 - ii. During the year ended 31st March 2020, a machine was destroyed in accident and Rs 30000 was written off as loss in profit and loss account.
 - iii. During the year ended 31st March 2021 firm's assets were not insured due to oversight. Insurance premium Rs 10,000.
- Calculate the value of goodwill.

29. Star Ltd. is registered with capital of Rs.50,00,000 divided into 50,000 equity shares of Rs.100 each. The Company issued 25,000 equity shares for subscription. Subscription was received for 23,750 shares and all the due amount was duly received except the first and final call of Rs.20 per share on 600 shares. Show the 'Share Capital' in the Balance Sheet of the company and also prepare 'Notes to Accounts'. 4

30. Pass journal entries for issue of debenture in each of the following transactions:

- Moon Ltd. issued Rs.50,00,000; 10% Debenture of Rs.100 each at par but redeemable at the end of 10 years at 105%.
- Strong Ltd. issued Rs. 60,00,000; 10% Debentures of Rs.100 each at a discount of 5% repayable at a premium of 10% at the end of 5 years.
- Smart Ltd. issued Rs.70,00,000; 9% Debentures of Rs.100 each at a premium of 5% redeemable at 110% at the end of 10 years. 6

31. Simar, Raja and Rita were partners in a firm sharing profits and losses in the ratio of 2:2:1. The firm was dissolved on 31st March, 2023. After the transfer of assets (other than cash) and external liabilities to the Realization Account, the following transactions took place: 6

- A debtor whose debt of Rs.,90,000 had been paid Rs.88,000 in full settlement of his account.
- Creditors to whom Rs.1,21,000 were due to be paid, accepted stock at Rs..71,000 and the balance was paid to them by a cheque.
- Raja had given a loan to the firm of Rs.18,000. He was paid Rs.17,000 in full settlement of his loan.
- Investments were Rs.53,000 out of which investments worth Rs.43,000 were taken over by Simar a partner at Rs.52,000 and the balance of the investments were sold for Rs.12,000

Pass necessary journal entries for the above transaction in the books of the firm.

32. Vikas, Gagan and Momita were partners in a firm sharing profits in the ratio of 2:2:1. The firm closes its books on 31st March every year. On 30th September,2022 Momita died. According to the provisions of partnership deed, the legal representative of a deceased partner is entitled for the following in the event of her death:

- Capital as per the last balance sheet
- Interest on Capital at 6% p.a. till the date of her death
- Her share of profit to the date of death calculated on the basis of average profits of last four years.
- Her share of goodwill to be determined on the basis of three years' purchase of the average profits of the last four years. The profits of the last four years were:

Year	Profit (Rs.)
2018-19	30,000
2019-20	50,000
2020-21	40,000
2021-22	60,000

The balance in Momita's capital account on 31.03.2022 was Rs. 60,000 and she had withdrawn Rs.10,000 till the date of her death. Interest on her drawings was Rs.300.

Prepare Momita's Capital Account to be presented to her executors. 6

33. W and R partners in a firm sharing profits in the ratio of 3:2. Their balance sheet as at 31st March 2023 was as follows:

6

Balance Sheet
As at 31st March, 2023

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	20,000	Cash	12,000
Provision for bad debts	2,000	Debtors	18,000
Outstanding salary	3,000	Stock	20,000
General Reserve	5,000	Furniture	40,000
Capitals:		Plant and Machinery	40,000
W - 60,000			
R - <u>40,000</u>	1,00,000		
	1,30,000		1,30,000

On the above date, C was admitted for 1/6th share in the profits on the following terms:

- i. C will bring Rs 30,000 as his capital and Rs 10,000 for his share of goodwill, half of which will be withdrawn by W and R.
- ii. Debtors Rs. 1,500 will be written off as bad debt and a provision of 5% will be created on debtors for bad and doubtful debts.
- iii. Outstanding salary will be paid off.
- iv. Stock will be depreciated by 10%, furniture by Rs 500 and plant and machinery by 8%.
- v. Investments of Rs.2,500 not mentioned in the balance sheet were to be taken into account.
- vi. A creditor of Rs. 2,100 not recorded in the books was to be taken into account.

Pass necessary journal entries for the above transactions in the books of the firm on C's admission.

OR

X, Y and Z were partners in a firm sharing profits in the ratio of 5:3:2. On 31st March, 2023 their balance sheet was as follows:

Balance Sheet
As at 31st March, 2023

Liabilities	Rs.	Assets	Rs.
Creditors	21,000	Land and Building	62,000
Investment Fluctuation Fund	10,000	Motor Van	20,000
Profit and Loss A/c	40,000	Investments	19,000
Capitals:		Machinery	12,000
X - 50000		Stock	15,000
Y - 40000		Debtors 40,000	
Z - <u>20000</u>	1,10,000	Less: Provision	
		for D/D 3,000	
		_____	37,000
		Cash	16,000
	1,81,000		1,81,000

On the above date Y retired and X and Z agreed to continue the business on the following terms:

- i. Goodwill of the firm was valued at Rs 51,000.
- ii. There was a claim of Rs. 4,000 for workmen's compensation.
- iii. Provision for bad debts was to be reduced by Rs. 1000.
- iv. Y will be paid Rs.8,200 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly instalments together with interest @10% p.a.
- v. The new profit sharing ratio between X and Z will be 3:2 and their capitals will be in their new profit sharing ratio. The capital adjustments will be done by opening current accounts.

Prepare Revaluation Accounts, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

34. Unilever Limited was registered with an authorised capital of Rs. 5, 00,000 divided into 50,000 equity shares of Rs. 10 each. The company issued 40,000 Equity Shares for public subscription. Calls on shares were made as follows; On Application Rs. 2, on Allotment Rs.3, on First Call Rs.2.50, on Second and Final Call Rs. 2.50. All these shares were fully subscribed. All the dues were received except the second and final call on 100 equity shares held by Shankar. These shares were forfeited and reissued to Mohan for Rs.12. Record these transactions in the journal and prepare the Cash Book. 6

OR

Amco Ltd. issued 10,000 shares of Rs.10 each payable on Application Rs.2, on Allotment Rs.3, on First Call Rs.3, on Second and Final Call Rs.2. Applications were received for 15,000 shares. Allotment was made on pro rata basis to 12,000 applicants and remaining 3,000 shares were rejected. All shareholders paid the allotment money except one shareholder holding 200 shares. These shares were forfeited. The first call was made thereafter. The forfeited shares were reissued @ Rs.9 per share Rs.8 paid up after first call. The second and final call has not been made yet. Pass necessary journal entries and prepare the Cash Book.
