XII Commerce
Subject- Accountancy

Time: 3 Hours

MM 80 Marks

GENRAL INSTRUCTIONS:
1). Questions Nos 1-14 carrying 1 march each.
2). Questions Nos 15-18 carrying 2 marks each.
3). Questions Nos 19-22 carrying 6 marks each.
4). Questions Nos 23-25 carrying 4 marks each.
5). Questions Nos 26-27 carrying 3 marks each.
6) Questions Nos 28-29 carrying 8 marks each.

Q.1 Asha and Vipasha are equal partners with fixed capitals of Rs.5,00,000 and Rs. 2,00,000 respectively. After closing the accounts for the year ending 31st March,2021 it was discovered that interest on capitals was provided @6% instead of 5% p.a. In the adjusting entry :-
(A) Asha will be debuted by Rs.1,500 and Vipasha will be credited by Rs.1,500;
(B) Asha will be credited by Rs. 1,500 and Vipasha will be debited by Rs.1,500;
(C) Asha will be debited by Rs.5,000 and Vipasha will be credited by Rs. 2,000;
(D) Asha will be credited by Rs.5,000 and Vipasha will be credited by Rs.2,000.

Q.2 A partner draws Rs.2,000 each on 1st April 2020, 1st July 2020,1st October,2020 and 1st January 2021. For the year ended 31st March,2021 interest on drawings @ 8% per annum will be :-
(A) Rs.540 (B) Rs.320
(C) Rs.960 (D) Rs.400

Q.3 P and Q are partners sharing profits in the ratio of 1:2. R was manager who received the salary of Rs. 10,000 p.m. in addition to commission of 10% on net profits after charging such commission. Total remuneration to R amounted to Rs. 1,80,000. Profit for the year before charging salary and commission was:-
(A) Rs.7,20,000 (B) Rs. 6,00,000
(C) RS.7,80,000 (D) Rs. 6,60,000

Q.4 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 3years purchase of last 5 years super profits will be:-
(A) Rs. 1,00,000 (B) Rs.1,80,000
(C) Rs. 30,000 (D) Rs. 1,50,000

Q.5 In the absence of an express agreement as to who will contribute to new partners' share of profit, it is implied that the old partners will contribute:-
(A) Equally (B) In the ratio of their capitals
(C) In their old profit sharing (D) In the gaining ratio

Q.6 A, B and C are partners sharing in the ratio of 5 : 4 : 3. They admit D for 1/7th share. It is agreed that B would retain his original share. Sacrificing ratio will be:-
(A) A,B and C --- 5:4:3 (B) A and C ---4:3
(C) A and C ---- 5:4 (D) A and C ---- 5:3

Q.7 Mona and Tina were partners in a firm sharing profits in the ratio of 3:2. Naina was admitted with 1/6th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at Rs.32,000.The claim on account of workmen's compensation was determined at Rs,40,000. Excess of claim over the reserve will be :-
(A) Credited to Revaluation Account.

(B) Debited to Revaluation Account.
(C) Credited to old partner's Capital Account.
(D) Debited to old partner's Capital Account.

Q.8 What journal entry will be recorded for writing off the goodwill already existing in Balance Sheet at the time of retirement of a partner?

(A) Retiring Partner's Capital A/c Dr.
To Goodwill A/c
(B) All Partner's Capital A/c (including retiring) Dr. (in old ratio)
To Goodwill A/c
(C) Remaining Partner's Capital A/c Dr. (in gaining ratio)
To Goodwill A/c
(D) Remaining partner's Capital A/c Dr. (in new ratio
To Goodwill A/c

Q.9 P,Q and R have been sharing profits in the ratio of 8: 5: 3. P retires. Q takes 3/16th share from P and R takes 5/16th share from P. New profit sharing ratio will be:-

(A) 1: 1 (B) 10: 6
(C) 9: 7 (D) 5: 3

Q.10 A,B and C were partners in a firm sharing profits and losses in the ratio of 2:2:1. The capital balance are Rs.50,000 for A, Rs.70,000 for B, Rs.35,000 for C. B decided to retire from the firm and balance in reserve on the date was Rs.25,000. If goodwill of the firm was valued at Rs. 30,000 and profit on revaluation was Rs.7,500 then, what amount will be payable to B?

(A) Rs.70,820 (B) Rs.76,000
(C) Rs. 75,000 (D) Rs.95,000

Q.11 In the case of retirement, if full or part of the amount payable to the retiring partner still remains to be paid, and there is no agreement among the partners then retiring partner will get :

(i) Interest @ 6% p.a. on the Balance amount.
(ii) Share of profit earned proportionate to his amount outstanding to total capital of the fir
(iii) Interest @ 9% p.a. on the balance amount.

Which out of the following is correct ?

(A) (i) (B) (ii)
(C) (iii) (D) Have a choice to get either (i) or (ii)

Q.12 On dissolution of a firm, debtors were Rs.17,000. Of these Rs.500 became bad and the rest realized 60%. Which account will be debited and by how much amount?

(A) Realisation Account by Rs.16,500 (B) Profit and Loss Account by Rs.500
(C) Cash Account by Rs.9,900 (D) Debtors Account by Rs.7,100

Q.13 A and B are partners sharing profits and losses as 2: 1. C and D are admitted and profit sharing ratio becomes 3:2:4: 1. Goodwill is valued at 90,000. C and D bring required goodwill in Cash. Credit will be given to:

(a) A 30,000; B 15,000 (b) A 66,000, B 24000
(c) A33,000 B, 12,000 (d) A 27,000 B 18,000

Q.14 A and B are partners sharing profits and losses in the ratio 5:3. On admission, C bring 70,000 and 48,000 as cash for Capital and Goodwill. New profit sharing ratio between A,B and C are 7:5:4. Find out the sacrificing ratio of old partner.

(a) 3:1 (b) 4:7
(c) 5:4 (d) 2:1

Q.15 Under which head and how are the following items shown in the Balance Sheet of a company under Schedule III:

(i) Calls-in-Arrears

(ii) Commission Received in Advance
(iii) Debenture
(iv) Stores and Spare Parts
(v) Land and Building
(vi) Forfeited Shares Account?

Q.16 Calculate Cost of Materials Consumed from the following;
Opening Inventory of Materials Rs. 5,00,000. Purchase of Material Rs. 25,00,000; Closing Inventory of Material Rs. 4,00,000.

Q.17 From the following, prepare note to Accounts on Employees Benefit Expenses:
Wages 2,70,000, salaries 3,60,000, staff welfare expenses 60,000, printing and stationery expenses 20,000 and business promotion expenses 50,000.

Q.18 On 1st January 2012 and existing firm had assets of Rs. 200000 including cash of RS. 4000. Its creditors amounted to RS. 10000 on that date. The partner's capital accounts showed a balance of RS. 160000 while the reserve fund amounted to RS. 30000. If the normal rate of return @15% and the goodwill of the firm is valued at Rs. 36000 at 3 year's purchase of super profit, find the average profits of the firm.

Q.19 H,I and J were partners in a firm sharing ration of ½,1/2, and 1/6 respectively. The balance sheet of the firm at 31st of March was as follows

BALANCE SHEET
As at 31ST March2018

LIABILITIS	Rs.	Assets	Rs.
Sundry creditors	42,000	Goodwill	12000
		Cash at bank	11500
Workman com Reserve	24000	Debtors 80000	
		(-) provisions 4000	76000
Employees provident fund	12000	--------	
		--	75300
Investment fluctuation fund	12000	Stock	30000
		Investment(M.V 32500)	20000
Capitals A/c		Patents	100000
H 136000		Machinery	
I 64000		Advertisement	7200
J 42000	242000	Expenditure a/c	
	332000		332000

J retired on 1st April 2018 on the following terms

1 goodwill of the firm was valued at 60000
2 value of the patents was to be reduced by 20% and that of machinery to 90%
3 provision for doubtful debts was to be raised to 6 %
4 liability of account of provident fund was only 6000
5 liability for workmen compensation to the extent of 12000 to be created
6 J took over the investments at market value
7 Amount due to J is to be settled on the following basis 50% on retirement, 50% of the balance within one year and balance by bill of exchange at 3 months.

(i) What is the amount of J's share of goodwill adjusted by I?
(a) 10000 (b) 60000 (c) 6000 (d) 4000
(ii) Employees provident fund is

(a) Distributed among old partners in old ratio
(b) Distributed among old partners in gaining ratio
(c) Given to retiring partner in his profit sharing ratio
(d) Not distributed among partners at all

(iii) Assuming that the amount due to J is 17000, what is the amount of bills payable?
(a) 17000 (b) 8500
(c)4250 (d)1467

(iv) What is the entry for provision for doubtful debts in the revaluation account?
(a) Debit in revaluation account by 4800
(b) Debit in revaluation account by 800
(c) Credit in revaluation account by 4800
(d) Credit revaluation account by 800

(v) What is the amount of workmen compensation reserve to be credited in H's account?
(a) 12000 (b) 6000
(c) 18000 (d) 2000

Q.20 L and M are partners sharing profits and losses in the ratio of 4:3. The Balance Sheet on 31st March 2015 stood as follows:

Liabilities		Rs.	Assets	Rs.
Capital Accounts			Fixed Assets	1,50,000
L	2,40,000		Stock	1,40,000
M	1,20,000	3,60000	Sundry Debtors	1,20,000
Reserve fund		42,000	Cash	20,000
Sundry Creditors		28,000		
		4,30,000		4,30,000

They decide that with effect from 1 April 2015 they share profits and loss in the ratio of 2:1. For this purpose they decide to revalue the Assets and Liabilities. Fixed assets are to be depreciated by 10%. A provision of 6% to be made on debtors for doubtful debts. Stock is to be valued at Rs.190000. an amount of 3700 included in creditors is not likely to be claimed. Partners decide to record the revised value in the books. However they do not want to disturb the reserves. Prepare Revaluation account, Partners Capital Account and Balance Sheet.

Q. 21 X, Y and Z were partners sharing profits and losses in the ratio of 5:3:2 respectively. On 31st March 2014 their Balance Sheet stood as under:

Liabilities		**Rs.**	**Assets**	**Rs.**
Capital Accounts			Plant and Machine	75000
X	75000		Building	50000
Y	62500		Goodwill	12500
Z	37500	175000	Patents	15000
Reserve Fund		15000	Stock	25000
Sundry Creditors		20000	Sundry Debtors	20000
Bills Payable		7500	Cash in hand	20000
		217500		217500

Z died on 1 July, 2014. It was agreed that: Goodwill be valued at 2 year's purchase of the average profits of the last four years, which were-2010 32,500, 2011 30,000; 2012 40,000 and 2013 37,500. Machinery be valued at 70,000, Patents at 20,000, Buildings at 62,500. For the purpose of calculating Z's share in the profits of 2014, the profits of 2014 should be taken to have been earned on the same scale as in 2013. A sum of 10,500 is to be paid immediately to the executor's of Z and the balance to be paid in four equal installment together with interest @10% p.a. Prepare the Revaluation A/c, Z's Capital A/c and Executors A/c.

Q.22 Anil, Vineet and Vipul were partners in a firm manufacturing food items. They were sharing profits in the ratio of 5:3:2. Their capital on 1st April 2012 were Rs. 400000, Rs 500000 and 900000 respectively. After the floods in Uttrakhand all partners decided to help the flood victims personally.

For this Anil withdrew Rs. 30000 from the bank in 30th September 2012. Vineet instead of withdrawing cash from the firm took some food items amounting to Rs. 25000 from the firm and distributed those to flood victims. On the other hand, Vipul withdrew Rs.250000 from his capital on 1st January 2013 and built a shelter home to help flood victims. The partnership deed provides for charging interest on drawings @ 6% p.a. after the final accounts were prepared it was discovered that interest on drawings had not been charged. Give the necessary adjusting entry and show the working notes clearly. Also state any two values that partners wanted to communicating to the society.

Q.23 X and Y started a partnership business on 1st Dec. 2014. Their capital were Rs. 6,00,000 and Rs 4,50,000 respectively. 0n 1st Jan 2015 X advanced a loan of Rs 1,00,000 to the firm. It was agreed that:

(a) Interest on partner's loan will be paid @10% p.a.
(b) Rent will be paid to Y @2000 p.m.
(c) Interest on drawings is to be charged @ 5% irrespective of time period.
(d) Manager is entitled for a commission of 10% on the net profit after charging such commission.

X drew Rs. 2000 on 31st Jan 2015 and Rs. 1000 0n 15th March 2015. Y drew Rs 4000 on 1st Feb 2015. A fine of Rs 650 was charged from Y for competing the firm. Partners are entitled for interest on capital @ 8% p.a. whether the firm incurs a loss. Profits at the end of 31st March 2015 was 16000. Show the distribution of profit/loss among the partners.

Q.24. A, B and C were partners in a firm sharing profits and losses in the ratio of 2:2:1. Their books are closed on March 31st every year.

B died on 1st August, 2019. The executors of B are entitled to:

(i) His share of Capital Le., 4,00,000 along with his share of goodwill. The total goodwill of the firm was valued at 1.5 year's purchase of last year's profit.

(ii) His share of profit up to his date of death on the basis of sales till date of death. Sales for the year ended March 31, 2019 was 4,00,000 and profit for the same year was 80,000. Sales shows a growth trend of 25% and percentage of profit earning is increased by 4%.

(iii) Amount payable to B was transferred to his executors. Pass necessary Journal Entries and show the workings clearly.

Q.25 (i) X, Y and Z were partners in a firm. Z died on 31st May, 2021. His share of profit from the closure of the last accounting year till the date of death was to be calculated on the basis of the average of three completed years of profits before death. Profits for the years ended 31st March, 2019, 2020 and 2021 were 18,000; 19,000 and 17,000 respectively. X and Y decides to share future profit in the ratio of 3:2.

Calculate Z's share of profit till his death and pass necessary Journal entry for the same when:

(ii)L and M are partners in a firm sharing profits in the ratio of 5: 3. They admit N and decide that the profit-sharing ratio between M and N shall be same as existing between L and M. Calculate new profit-sharing ratio and the sacrificing ratio.

Q.26 Ranvir and Seth are partners in a firm sharing profits and losses in the ratio of 3:2. They admit Zaman as a new partner for $1/5^{th}$ profits and losses in the ratio of 13:7. The goodwill of the firm is valued at Rs. 25000. Goodwill already appears in the books at Rs.20000. Z brings in 60% of his requisite share of firm's goodwill and Rs. 100000 as his capital in cash. The amount of goodwill brought in cash is withdrawal by the concerned partners to the extent of 30% of what is credited to them. The profits for the first year on new partnership amounted to Rs 50000.

Q.27 A, B and C are partners with capitals of 40,000, 30,000, and 20,000 respectively. B and C are entitled to annual salaries of 2,000 and 3,000 respectively payable before division of profits. Interest on capital is allowed at 5 per cent per annum, but interest is not charged on drawings. Of the first 12,000 divisible as profit in any year, A is entitled to 50%, B to 30% and C to 20%. Annual profits in excess of 12,000 are divisible equally. The profit for the year ended 31 December, 2013 was 20,100 after debiting partner's salaries but before charging interest on capital. The partners' drawings for the year were-A 8,000, B 7,500 and C 4,000. The balance on the partners' current accounts on 1 January, 2013 were A 3,000 (credit), B 500 (credit); C 1,000 (debit). Prepare Profit and Loss Appropriation Account and Partners Capital Account for the year ended.

Q.28 Erica, Aditi and Tarni were partners in a firm sharing profits and losses in the ratio of 5:3:2. Due to difference of opinion, they decided to dissolve the partnership with effect from 1^{st} April 2020, On which date the firm's Balance Sheet was a follows:

Liabilities		Rs.	Assets		Rs.
Employees provident Fund		8,000	Cash at Bank		20,000
Sundry Creditors		10,000	Debto	22,000	
Investment Flu. Reserve.		4,000	Less: Prov.for d/d	2,000	20,000
Current Accounts:			Stock		12,000
Erica	8,000		Plant and Machinery		30,000
Aditi	10,000	18,000	Land and Building		45,000
Capital Accounts:			Investment		35,000
Erica	60,000		Advertisement Suspense A/c		
Aditi	40,000		Current Account:		
Tarni	30,000	1,30,000	Tarni		5,000
		1,70,000			1,70,000

The following additional information was given:

A) Plant and Machinery costing Rs. 20,000 was taken over by Erica at Rs. 16,000 and the remaining machineries realized Rs.9,000.

B) Land and Building realized Rs.42,000.

C) Investments were taken over by Aditi at Rs.28,000.

D) Sundry debtors included a bad debt for Rs.1,000 and the amount was realized from the good debtors subject to a cash discount of 10%.

E) A creditor for Rs. 2,000 was untraceable and other creditors accepted payments allowing 10% discount.

F) Erica was allowed to retain the whole of the stock as her remuneration for services rendered by her in the course of dissolution of the firm.

You are required to prepare Realisation Accout, Partner's Capital Account and Bank Account

OR

Leena, Madan and Naresh were partners in a firm sharing profits and losses in the ratio of 2:2:3. On 31^{st} March 2015 their Balance Sheet was as follows:

Liabilities	Rs.	Asset	Rs.
Trade creditors Bank overdraft Long Term Debts Employees Provident Fund Capital: Leena Madan Naresh	1,60,000 44,000 4,00,000 76,000 12,50,000 8,00,000 10,50,000	Land and Building Machinery Furniture Investment Stock Sundry Debtors Bank Deferred Advertisement Exp.	10,00,000 5,00,000 7,00,000 2,00,000 8,00,000 4,00,000 80,000 1,00,000
	37,80,000		37,80,000

On 31st March 2015 Madan retired from the firm and the remaining partners decided to carry on the business. It was decided to revalue assets and liabilities as under:

(a) Land and Building be appreciated by 2,40,000 and Machinery be depreciated by 10%.
(b) 50% of Investment were taken over by the retiring partner at book value.
(c) An old customer Mohit whose account was written off as bad debt has promised to pay 7,000 in settlement of his full debt of 10,000.
(d) Provision for Doubtful Debts was to be made at 5% on Debtors.
(e) Stock will be valued at market price which is 1,00,000 less the then book value.
(f) Goodill of the firm be valued at 5,60,000 and Madan's share of goodwill be adjusted in the account of Leena and Naresh,
(g) Leena and Naresh decided to share future profits and losses in the ration of 3:2.
(h) The total capital of the new firm will be 32,000 which will be in the proportion of profit-sharing ratio of Leena and Naresh.
(i) Amount due to Madan was settled by accepting a Bill of Exchange in favour payable after 4 months.
Prepare Revaluation account, Partner's Capital account and Balance sheet of the new firm.

Q.29 P & K were partner in a firm. On 31st March 2017 their Balance Sheet was as follows:

Liabilities	Rs	Assets	Rs.
Capitals:		Bank	18,000
P 3,00,000			
K 2,00,000		Stock	19,000
General Reserve			
Creditors	5,00,000	Debtors	
Outstanding Expense		Less: provision for DD	20,500
C's Loan	1,00,000		
		Unexpired Insurance	5,000
Profit & loss Account(16-17)	50,000		
		Shares in K Limited	65,000
	8,000		
		Plant & Machinery	1,45,000
	1,20,000		
		Land and Building	5,60,000
	55,000		
	8,33,000		8,33,000

On April 1, 2017 they decided to admit C as a new partner for ¼ share in profits on the following terms:

(a) C's Loan will be converted onto his capital.
(b) C will bring his share of goodwill premium by cheque. Goodwill of the firm will be calculated on the basis of Average profits of previous three years. Profits of the year ended March 31, 2015 and March 31, 2016 were Rs.55,000 and Rs. 1,00,000 respectively.
(c) 10% depreciation will be charged on Plant and Machinery and Land and building will be depreciated by 5%.
(d) Capitals of P & K will be adjusted on the basis C's capital. Adjustments be done through bank and if required, overdraft facility be availed.

Pass necessary Journal entries on C's admission and prepare Balance sheet.

OR

Balance Sheet of X, Y and Z Who shared profits in the ratio of 6:5:2 respectively as on 31st March 2017 was given as under. It was decided to admit D as a new partner on 1st April 2017 and gave him 1/10 share in profit on the following terms:

(a) The new partner would bring in Rs. 26,000 as his share in capital an 7,000 as goodwill which will directly be taken by the old partners without passing any entry in the books.
(b) Outstanding rent paid by the firm. Stock valued at 34,000 and furniture at6600.
(c) Provision for bad debts to be made 1,300.
(d) Land and Building to be appreciated by 15,000.
(e) Reavaluation expenses paid by the firm 2,500.
(f) Partner have decided to adjust their capital on the basis of capital of new partner and difference (if any)

In capital account will be adjusted through current account.

Liabilities		Rs.	Assets	Rs.
Creditors		15,000	Land and Building	52,000
Bills payable		7,000	Furniture	7,500
Outstanding rent		2,000	Stock	38,000
General reserve		13,000	Debtors	15,000
Capital A/c			Bills receivable	7,500
X	36,000		Bank	4,000
Y	32,000		Preliminary Expenses	13,000
Z	24,000	92,000		
Current A/c				
X	4,000			
Y	3,000			
Z	1,000	8,000		
		1,37,000		1,37,000